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ABSTRACT

This report contains Senate Hearings on the proposed 1974 budget for the Department of Health, Education, and Welfare (HEW). Secretary of HEW, Casper Weinberger, and his staff clarify and defend the various parts of the budget including those for health programs and social security as well as for education. Changes from the 1973 budget are shown and discussed. (Pages 129 to 130, 188 to 191, 216 to 219, 236, 316 to 319, 640 to 643, 687 to 688, and 742 to 743 may reproduce poorly.) (JF)

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 8877

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES, FOR THE FISCAL YEAR ENDING JUNE 30, 1974, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

Part 1 (Pages 1–1046)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

American Printing House for the Blind
Education Division
Gallaudet College
Howard University
Model Secondary School for the Deaf
National Technical Institute for the Deaf
Office of Education
Office of Secretary
Social and Rehabilitation Service

EA 005 534

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

TUESDAY, MAY 8, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:05 a.m., in room 1224, Everett McKinley Dirksen Office Building, Hon. Warren G. Magnuson [chairman] presiding.

Present: Senators Magnuson, Cotton, Fong, and Schweiker.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OVERVIEW OF BUDGET REQUEST

STATEMENT OF JAMES B. CARDWELL, ASSISTANT SECRETARY COMPTROLLER

ACCOMPANIED BY:

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET
WILFORD J. FORBUSH, DIRECTOR, DIVISION OF BUDGET

INTRODUCTION OF ASSOCIATES

Senator MAGNUSON. The subcommittee will come to order.

Today we have with us a pretty good friend, Bruce Cardwell, the Comptroller at HEW. He is here to give us an overview of the HEW budget. This is a practice that we have found very helpful in the past. It gives everyone a view of the forest before we take a closer look at the trees—or what's left of them.

At any rate, this is sort of a pregame warm-up before Secretary Weinberger appears tomorrow. There will be time enough then to get into specific policy questions.

In the meantime, why don't you introduce your associates, then proceed with your overview.

Mr. CARDWELL. We will proceed.

To my right is Bill Forbush, who works on Charlie Miller's staff and who is responsible for putting all the papers together which make up the HEW budget submission. Our purpose this morning is, as you said, to give you a quick background and overview of the HEW budget and try to create a context in which to discuss it with the Secretary and with the other witnesses who will follow the Secretary in the days ahead.

HEW BUDGET IN BRIEF

Senator **Magnuson**. The papers and budget charts will be inserted into the record at this point.

[The information follows:]

HEW BUDGET IN BRIEF

(IN BILLIONS)

	1972	1973	1974
FEDERAL FUNDS:			
BUDGET AUTHORITY (APPROPRIATIONS)	$26.9	$29.6	$31.5
OUTLAYS	26.0	27.8	30.6
TRUST FUNDS:			
BUDGET AUTHORITY (RECEIPTS)	51.2	60.7	73.5
OUTLAYS	48.2	58.1	66.3
INTERFUND ADJUSTMENT:	-2.5	-2.4	-3.1
TOTAL:			
BUDGET AUTHORITY	75.7	87.9	101.9
OUTLAYS	71.8	83.6	93.8

HEW BUDGET BY OPERATING AGENCY

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
FOOD & DRUG ADMINISTRATION	$117	$144	$166
HEALTH SERVICES & MENTAL HEALTH ADMINISTRATION	2,236	1,933	2,771
NATIONAL INSTITUTES OF HEALTH	2,217	1,998	1,965
SUBTOTAL	4,570	4,076	4,902
EDUCATION DIVISION	5,301	5,485	5,277
SOCIAL AND REHABILITATION SERVICE	13,498	15,451	14,413
SOCIAL SECURITY ADMINISTRATION	51,820	62,309	76,657
(OUTLAYS)	(48, 646)	(59,682)	(69,502)
SPECIAL INSTITUTIONS	101	81	81
OFFICE OF CHILD DEVELOPMENT	390	416	444
OFFICE OF THE SECRETARY	65	75	141
ADJUSTMENT FOR PROPRIETARY RECEIPTS	-30	-30	-34
TOTAL, HEW	75,715	87,863	101,880
(OUTLAYS)	(71,780)	(83,580)	(93,822)

HEALTH PROGRAMS

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
FOOD, DRUG, AND PRODUCT SAFETY	$117	$144	$166
MENTAL HEALTH	633	640	1,320
HEALTH SERVICES PLANNING AND DEVELOPMENT	548	157	163
HEALTH SERVICES DELIVERY	853	919	1,070
PREVENTIVE HEALTH SERVICES	145	139	125
BIOMEDICAL RESEARCH	1,475	1,483	1,532
HEALTH MANPOWER	678	444	386
OTHER	121	148	139
SUBTOTAL, HEALTH AGENCIES	4,570	4,076	4,902
MEDICARE AND MEDICAID BENEFITS*	13,098	14,301	17,357
TOTAL, HEALTH PROGRAMS	17,668	18,377	22,259

*OUTLAYS

HEALTH SERVICES & MENTAL HEALTH ADMINISTRATION

(BUDGET AUTHORITY IN MILLIONS)

MENTAL HEALTH	1972	1973	1974
GENERAL MENTAL HEALTH:			
RESEARCH AND TRAINING	$201	$161	$152
COMMUNITY MENTAL HEALTH CENTERS	160	134	518*
DRUG ABUSE:			
RESEARCH AND TRAINING	36	42	51
COMMUNITY PROGRAMS	81	149	382*
ALCOHOLISM:			
RESEARCH AND TRAINING	13	10	11
COMMUNITY PROGRAMS	69	60	117*
SAINT ELIZABETHS HOSPITAL	30	36	38
ADMINISTRATION AND INFORMATION	43	48	51
TOTAL	633	640	1,320
HEALTH SERVICES PLANNING AND DEVELOPMENT			
RESEARCH AND DEVELOPMENT	62	51	60
COMPREHENSIVE HEALTH PLANNING	26	35	38
REGIONAL MEDICAL PROGRAMS	100	60	—
HEALTH MAINTENANCE ORGANIZATIONS	—	—	60
MEDICAL FACILITIES CONSTRUCTION	357	8	2
PROGRAM DIRECTION	3	3	2
TOTAL	548	157	163

* INCLUDES FUNDS FOR USE AFTER 1974 TO SUPPORT ALL COMMUNITY MENTAL HEALTH CENTER COMMITMENTS

HEALTH SERVICES & MENTAL HEALTH ADMINISTRATION

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
HEALTH SERVICES DELIVERY			
COMPREHENSIVE HEALTH SERVICES	$226	$239	$341
MATERNAL AND CHILD HEALTH	239	244	244
FAMILY PLANNING	90	107	122
DIRECT PATIENT CARE:			
PHS BENEFICIARIES	90	94	99
INDIAN HEALTH	186	213	219
NATIONAL HEALTH SERVICE CORPS	11	11	34
PROGRAM DIRECTION	11	12	11
TOTAL	853	919	1,070
PREVENTIVE HEALTH SERVICES			
DISEASE CONTROL	90	84	74
COMMUNITY ENVIRONMENTAL MANAGEMENT	26	27	22
OCCUPATIONAL HEALTH	25	24	26
PROGRAM DIRECTION	4	4	4
TOTAL	145	139	125

NATIONAL INSTITUTES OF HEALTH

(BUDGET AUTHORITY IN MILLIONS)

BIOMEDICAL RESEARCH	1972	1973	1974
BY AREA OF RESEARCH:			
NATIONAL CANCER INSTITUTE	$373	$426	$500
NATIONAL HEART AND LUNG INSTITUTE	224	247	265
OTHER RESEARCH INSTITUTES	878	810	767
TOTAL	1,475	1,483	1,532
BY FUNCTION:			
RESEARCH GRANTS	802	812	825
GENERAL RESEARCH SUPPORT	(55)	(26)	(17)
RESEARCH CONTRACTS	229	246	290
INTRAMURAL RESEARCH	116	121	127
TRAINING GRANTS AND FELLOWSHIPS	186	150	99
CONSTRUCTION (CANCER)	51	49	34
OTHER DIRECT OPERATIONS	91	105	157
TOTAL	1,475	1,483	1,532

NATIONAL INSTITUTES OF HEALTH

(BUDGET AUTHORITY IN MILLIONS)

HEALTH MANPOWER	1972	1973	1974
HEALTH PROFESSIONS:			
INSTITUTIONAL ASSISTANCE	$259	$232	$222
STUDENT ASSISTANCE	46	51	46
CONSTRUCTION	143	1	1
NURSING:			
INSTITUTIONAL ASSISTANCE	72	39	17
STUDENT ASSISTANCE	52	52	34
CONSTRUCTION	20	1	1
PUBLIC HEALTH	18	15	–
ALLIED HEALTH	29	21	–
SPECIAL EDUCATIONAL PROGRAMS	23	12	47
ADMINISTRATION	16	20	18
TOTAL	678	444	386

EDUCATION

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
EDUCATION REVENUE SHARING	$2,496	$2,521	$2,527
EMERGENCY SCHOOL ASSISTANCE	106	271	271
OTHER ELEMENTARY AND SECONDARY EDUCATION	706	461	276
HIGHER EDUCATION	1,430	1,697	1,813
EDUCATIONAL DEVELOPMENT	207	176	123
LIBRARY RESOURCES	176	138	—
NATIONAL INSTITUTE OF EDUCATION	99	119	162
POSTSECONDARY INNOVATION	—	10	15
ADMINISTRATION	80	93	90
TOTAL	5,301	5,485	5,277

EDUCATION REVENUE SHARING

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
EDUCATION REVENUE SHARING	$ —	$ —	$2,527
CATEGORICAL PROGRAMS TO BE FOLDED INTO REVENUE SHARING:			
EDUCATIONALLY DEPRIVED CHILDREN (TITLE I)	1,598	1,585	—
SUPPLEMENTARY SERVICES	146	146	—
IMPACTED AREA AID ("A" CHILDREN)	189	227	—
EDUCATION FOR THE HANDICAPPED	37	37	—
VOCATIONAL EDUCATION	475	475	—
ADULT BASIC EDUCATION	51	51	—
TOTAL	2,496	2,521	2,527*

*$244 MILLION FOR THE SCHOOL LUNCH PROGRAM, CARRIED IN THE AGRICULTURE BUDGET, WILL ALSO BE INCLUDED, BRINGING THE TOTAL TO $2,771 MILLION

HIGHER EDUCATION

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
STUDENT ASSISTANCE:			
BASIC OPPORTUNITY GRANTS	---	$122	$959
WORK-STUDY AND SUPPLEMENTAL GRANTS	648	492	261
INSURED LOANS, SUBSIDIES, AND DEFAULTS	210	292	368
DIRECT LOANS	317	562	5
SUBTOTAL	1,175	1,468	1,593
SPECIAL PROGRAMS FOR THE DISADVANTAGED	56	70	70
INSTITUTIONAL ASSISTANCE:			
STRENGTHENING DEVELOPING INSTITUTIONS	52	100	100
CONSTRUCTION GRANTS, SUBSIDIES & LOANS	77	19	36
OTHER INSTITUTIONAL SUPPORT	43	20	7
SUBTOTAL	172	139	143
COLLEGE PERSONNEL DEVELOPMENT	27	20	7
TOTAL	1,430	1,697	1,813

OTHER EDUCATION PROGRAMS

(BUDGET AUTHORITY IN MILLIONS)

ELEMENTARY AND SECONDARY EDUCATION	1972	1973	1974
BILINGUAL EDUCATION	$35	$35	$35
FOLLOW THROUGH	62	58	41
EDUCATION FOR THE HANDICAPPED	72	93	94
VOCATIONAL AND ADULT EDUCATION SPECIAL PROJECTS	31	31	45
IMPACTED AREA AID	423	204	61
OTHER	83	40	–
TOTAL	706	461	276
EDUCATIONAL DEVELOPMENT			
EDUCATION PROFESSIONS DEVELOPMENT:			
TEACHER CORPS	37	37	37
OTHER PROFESSIONAL DEVELOPMENT	107	69	36
SUBTOTAL	144	106	73
EDUCATIONAL BROADCASTING FACILITIES	13	13	10
RIGHT TO READ	2	12	12
DATA SYSTEMS IMPROVEMENT	10	10	15
OTHER PROGRAMS	38	35	13
TOTAL	207	176	123

SOCIAL & REHABILITATION SERVICE

(BUDGET AUTHORITY IN MILLIONS)

	1972	1973	1974
PUBLIC ASSISTANCE:			
MAINTENANCE ASSISTANCE	$6,143	$6,488	$5,371
MEDICAL ASSISTANCE (MEDICAID)	4,279	4,728	5,261
SOCIAL SERVICES	1,712	2,655	2,000
TRAINING	35	42	45
CHILD WELFARE	46	46	46
SUBTOTAL	12,215	13,959	12,722
WORK INCENTIVES	259	291	534
SOCIAL AND REHABILITATION SERVICES:			
REHABILITATION SERVICES	618	640	650
DEVELOPMENTAL DISABILITIES	50	44	44
PROGRAMS FOR THE AGING	44	196	196
DELINQUENCY PREVENTION	10	10	10
RESEARCH AND TRAINING	117	102	68
SUBTOTAL	839	992	968
ALLIED SERVICES ACT	—	—	20
ASSISTANCE TO CUBAN REFUGEES	139	145	90
SALARIES AND EXPENSES	46	64	79
TOTAL, SOCIAL & REHABILITATION SERVICE	13,498	15,451	14,413

SOCIAL SECURITY ADMINISTRATION

(IN MILLIONS)

	1972	1973	1974
FEDERAL FUNDS:			
PAYMENT TO TRUST FUNDS	$2,465	$2,377	$3,110
SPECIAL BENEFITS TO DISABLED COAL MINERS	596	1,527	968
SUPPLEMENTAL SECURITY INCOME	—	77	2,212
TRUST FUNDS:			
OLD-AGE AND SURVIVORS AND DISABILITY INSURANCE (RECEIPTS)	42,459	49,201	57,281
(OUTLAYS)	(39,409)	(48,547)	(54,232)
HOSPITAL AND SUPPLEMENTARY MEDICAL INSURANCE (RECEIPTS)	8,765	11,505	16,196
(OUTLAYS)	(8,819)	(9,573)	(12,096)
ADMINISTRATION (INCLUDED IN TOTALS ABOVE)	**1,150**	**1,403**	**1,888**

END-OF-YEAR EMPLOYMENT

	1972 ACTUAL	1973 ESTIMATE	1974 ESTIMATE
FOOD AND DRUG ADMINISTRATION	5,187	6,681	6,215
HEALTH SERVICES & MENTAL HEALTH ADMINISTRATION	26,034	25,555	16,904
NATIONAL INSTITUTES OF HEALTH	11,456	11,538	10,978
EDUCATION DIVISION	2,826	3,608	3,307
SOCIAL AND REHABILITATION SERVICE	1,999	2,777	3,352
SOCIAL SECURITY ADMINISTRATION	53,633	63,657	69,757
OFFICE OF CHILD DEVELOPMENT	374	413	435
OFFICE OF THE SECRETARY	4,255	5,075	5,724
TOTAL EMPLOYMENT	105,764	119,304	116,672

FEDERAL AND TRUST FUNDS COMPRISE BUDGET

Mr. **Cardwell.** First of all, as this committee knows the HEW budget is made up of two significant classes of funds. The Federal funds, direct appropriations, account for $31.5 billion in 1974, and trust funds, administered by the Social Security Administration, account for $73.5 billion in 1974, in terms of budget authority, for a total HEW budget in terms of budget authority, of $101.9 billion, net of $3.1 billion in interfund adjustments.

Now, of the $31.5 billion, there is approximately $400 million that does not come before this committee. They involve appropriations for the Food and Drug Administration, the Indian Health Service, emergency health activities, assistance to Cuban refugees, and the Office of Consumers Affairs, which has moved from the White House——

Senator **Magnuson.** I don't want to interrupt your continuity, but I want to get back to the emergency funds, and just where they are now and what has happened to them.

Mr. **Cardwell.** The term "emergency health" is used in a number of different ways in the Government. This particular activity is the defense preparedness aspects of emergency health. And those funds are small, $6 million. And they are in the Treasury, Post Office, and general Government bill. But they are in the total figures.

Senator **Cotton.** You say the HEW funds that are handled by other committees are in those overall figures?

Mr. **Cardwell.** They are in the overall figures in the top line on the chart, the $31.5 billion budget authority figure. They are funds for the Food and Drug Administration which is in the agricultural, environmental, and consumer protection bill, the Indian Health Service activities of the Public Health Service, which are in the Interior and related agencies bill; and the emergency health activities that we just mentioned in the Treasury——

Senator **Cotton.** Those two bills are the appropriations bills.

Mr. **Cardwell.** Yes; all of these are appropriations bills, they come before the Committee on Appropriations, but not before this particular subcommittee.

BUDGET OUTLAYS

The total budget in terms of outlays—and outlays is the way in which the economists and the President measure his budget—is $93.8 billion in 1974, an increase of $10.2 billion over 1973. If you look at this $93.8 billion within the total Federal budget, it constitutes about 35 percent of the $268 billion that the President has budgeted overall for 1974.

Senator **Cotton.** Is that the spending budget?

Mr. **Cardwell.** That is the spending budget. The outlay budget is the spending budget. The budget authority budget is the appropriation budget that the Congress deals with.

That percentage of course has been steadily increasing.

Senator **Magnuson.** What happens to the difference between the budget authority of $101.9 billion and the total outlays of $93.8 billion? Where is that located?

Mr. **Cardwell.** That is explained in several ways.

Senator **Magnuson.** Is that impoundment?

Mr. CARDWELL. No, sir. Budget authority would represent appropriations made by the Congress, or in the case of trust funds, receipts collected by the trust fund, which accounts for $7.2 billion of the $8.1 billion difference. Outlays represent the flow of cash against commitments that are made within those authorities. And eventually the cash flow will catch up with the budget authority. For example, if you appropriate a dollar to the department, we may not spend a full dollar in terms of cash outlay in the year in which it is appropriated, we may spend 95 cents of it 1 year and the additional 5 cents in the first months of the succeeding year. It varies from program to program, and the nature of the program, as to whether the cash flows on a one to one rate or at the lower rate.

Senator MAGNUSON. Is that impoundment or delay?

Mr. CARDWELL. It is the normal difference between the time you incur an obligation and the time you pay the bill. For example, if you go to make a purchase as an individual, often you will make the purchase today and pay the bill 30 days later. And it is that lag that usually accounts for the difference between outlays and appropriations.

Senator COTTON. We have reached the point now with the direct obligational authority conferred, I have always believed improperly so, in authorization bills, and outlays that stem from special fees that go into trust funds, where only about 44 percent of the public spending of the Nation being considered by or controlled in any sense by the Appropriations Committees of the Congress in connection with their duties with the budget, is that correct?

Mr. CARDWELL. That is correct.

And I think it is one of the problems that our system is facing at the moment as it attempts to rationalize the budget process, that over time such a large share of the total budget is in the category of the so-called uncontrollable, where previous commitments have been made by the Congress——

Senator MAGNUSON. Is the $101.9 billion obligated?

Mr. CARDWELL. In effect about $31 billion of it would be obligated during 1974 in the form of commitments, grants, contracts, payments, and about $73 billion of it would represent receipts collected by the social security trust funds, against which they would later make payments.

Senator MAGNUSON. You are obligated to pay those out sooner or later, isn't that right?

Mr. CARDWELL. That is correct.

HUMAN RESOURCES SPENDING

Senator MAGNUSON. Now, would somebody get the figures comparing the obligations for defense and those for social programs in the Federal budget?

Mr. CARDWELL. Yes, sir. I can give you those.

Senator MAGNUSON. What are those figures now?

Mr. CARDWELL. The Defense Department budget for 1974 is $79.8 billion, or 29.6 percent of the total. The HEW budget per se is $93.8 billion, or 35 percent of the total. If you think of it in terms of the breakdown between Defense and so-called human resources, which would include HEW, OEO, Labor and Veterans activities, comparison to the Defense Department budget, excluding the Corps of Engineers, but including certain Defense activities of the Atomic Energy Commission, then the relationships are, human resources $125.5 billion; and national defense $81.8 billion, a difference of about $44 billion. In percentages, human resources is 47 percent of the budget and defense, 30 percent of the budget.

Senator **Magnuson**. I would like to have those figures.

Suppose the United States operated without a defense budget. What percentage, then, of the Federal Government budget would remain? Can you get that figure?

Mr. **Cardwell**. Yes, sir.

About 70 percent of the budget would be exclusive of Defense.

Senator **Magnuson**. And you can separate the trust funds from this because they are not a direct appropriation, but an authority to spend from the receipts that come in.

Mr. **Cardwell**. Yes, sir.

The problem, though, is that as you try to frame the entire budget and relate your spending against the money on hand, the money to be collected as revenue and taxes, those receipts are part of the money that you collect, and the payments made against the trust funds are part of the money that you pay out, and they have to be balanced against each other.

Senator **Magnuson**. What I am trying to get at, if you ignore Defense, the percentage that the Federal Government is spending in social and education and welfare funds is about the same percentage that most States are loaded down with, isn't it?

Mr. **Cardwell**. About 67 percent for all human resources, and 50 percent for HEW.

Senator **Magnuson**. In other words, these are the big items in the State budget, and if we didn't have any defense budget they would be the big items here. Running the Government otherwise is not a very big part of the budget, as big as it used to be.

Mr. **Cardwell**. What I am saying is that the Federal Government carries the entire burden for Defense.

Senator **Magnuson**. I understand that.

Senator Schweiker?

BUDGET OUTLAYS

Senator **Schweiker**. I would like to get back to the outlays. You say that eventually this catches up, the fact that your authority and outlays aren't equal.

Now, for the 3 years you show here there is nearly $4 billion that hasn't caught up: $0.9 billion in 1972, $1.8 billion in 1973, and $0.9 billion in 1974. We seem to be increasing our impoundment. When you have $4 billion you haven't spent in 3 fiscal years, what else is it but impoundment? You are never catching up with it according to the three figures you have given us, nearly $4 billion of money we authorized and appropriated has not been spent in 3 fiscal years.

Mr. **Cardwell**. If you take that, then, and break it down between Federal funds and trust funds, you will find——

Senator SCHWEIKER. I am not talking about trust funds. My figures of $1.9 billion were not trust funds.

Mr. CARDWELL. You are taking the $26 billion, $27.8 billion and $30.6 billion.

Senator SCHWEIKER. I am not even talking about trust funds. Of the money you appropriated you have got $4 billion lying around over there not spent.

Mr. CARDWELL. But there is always so much money—if you take a picture at any point in time there will be so much budget authority unapplied, even though you might routinely and in good conscience have proceeded with all the program authority, you have made all the grants and all the contracts on a timely basis, and there is always going to be a certain lag between cash payments beyond those contracts.

It happens in the family budget and it happens in the Federal budget.

Senator SCHWEIKER. In other words, you have come up with $3.6 billion in 3 years. How much is it over 10 years, 5 years?

Mr. CARDWELL. It doesn't really accumulate.

Senator SCHWEIKER. You have picked 3 bad years, then?

Mr. CARDWELL. No. I am saying, look in 1972. The budget authority appropriations is $26.9 billion. Outlays of $26 billion.

Senator SCHWEIKER. Nine-tenths of a billion.

Mr. CARDWELL. But that $26 billion is made up of two kinds of payments, payments made from carryover from prior years, and payments in the current year against the $26.9 billion budget authority. Each year you carry over something to be spent in the succeeding year. In 1973 the difference is $26.8 billion to $29.6 billion.

Senator SCHWEIKER. $1.8?

Mr. CARDWELL. Yes. And a billion dollars of that difference is due to the fact that we advanced a billion dollars of 1973 public assistance payments to the States in 1972.

Senator SCHWEIKER. In 3 fiscal years of the administration, it has never gone the other way. It has always increased, and is now $3.6 billion.

Mr. CARDWELL. It can go that way. In fact, you can take any 1 year, and we could give you an analysis and show you how it is spent, and you may find that some of it doesn't get spent until 1974, or even 1975. But it will always be a diminishing amount.

For example, if I let a long-term contract to a manufacturer to produce something, I am not going to pay for it until it is finished. And if it is a long lead time item I won't make the final payment for 3 or 4 years. And that is the way bills are paid against current commitments.

Mr. MILLER. Construction is the best example, Senator. The way we do it, we generally obligate the entire construction grant at the time the construction contract is awarded. We obligate the entire amount, but the bills are paid over a period of years. It is a very slow accumulation of outlays.

Senator SCHWEIKER. I can understand that.

I used to be in the construction business. But what I can't understand is that over a 4-year moving average you have got $4 billion extra.

Now, what are your comparable figures for fiscal 1971?

Mr. **Cardwell.** We don't have them available at the moment. We can get them.

Senator **Schweiker.** You gave them to us last year.

Mr. **Cardwell.** We can get them.

[The information follows:]

In 1971, federal fund budget authority totalled $21.6 billion and outlays totalled $21.3 billion.

ANALYSIS OF CASH FLOW FROM 1970

Mr. **Cardwell.** What I would like to do is insert in the record, if you will, at this point an analysis which shows the cash flow—we will go back to 1970 if you like and show several appropriations, and how they spend out.

Senator **Schweiker.** That would be very helpful.

[The information follows:]

WHY OUTLAYS DO NOT EQUAL APPROPRIATIONS

The following table illustrates the time lag between appropriations and outlays for several different appropriation accounts. Generally, the only case where outlays for all years would equal the amount appropriated would be when the amount appropriated was the same amount over a period of years; however, in the case of HEW and most of its programs, appropriations have been increasing and, consequently, outlays have been less than appropriations. On the other hand, programs that are decreasing have outlays in excess of appropriations. For instance, when a program is terminated there would still be outlays four or five years later.

The table also points out that generally within three years 99 percent of all the claims and responsibilities of grantees and contractors are fulfilled.

		Outlays by Fiscal Year Amount and Cumulative Percent of total Appropriation				
Account	Appropriation	FY 1970	FY 1971 (In Thousands)	FY 1972	FY 1973 Estimate	FY 1974 Estimate
Food and Drug Administration - Food and Drug Control....						
FY 1970..........................	$ 76,303	$ 62,339 (82%)	$ 11,004 (96%)	$ 2,740 (100%)	$ ---*	$ ---*
FY 1971..........................	87,503		72,237 (83%)	13,271 (98%)	3,800 (100%)	---*
FY 1972..........................	112,409			88,816 (79%)	18,700 (96%)	5,100 (100%)
Prior year......................				70		
Total Outlays..........................				104,897		
National Institutes of Health - National Cancer Institute						
FY 1970..........................	190,995	98,490 (52%)	68,204 (68%)	12,809 (93%)	613 (94%)	394 (95%)
FY 1970..........................	233,132	---	111,345 (48%)	97,764 (90%)	21,445 (99%)	521 (99%)
FY 1972..........................	238,933	---	---	126,700 (53%)	97,653 (94%)	11,307 (99%)
Prior years....................				1,716		
Total Outlays..........................				238,989		

* Liquidation not identifiable by fiscal year.

Account	Appropriation	FY 1970	FY 1971	FY 1972	FY 1973 Estimate	FY 1974 Estimate
			Outlays by Fiscal Year Amount and Cumulative Percent of total Appropriation (In Thousands)			
Office of Education - Elementary and Secondary Education						
FY 1970	$ 1,649,382	$ 1,039,658 (63%)	$ 501,722 (93%)	$ 32,444 (95%)	$ 9,602 (96%)	$ ---*
FY 1971	1,846,968	---	1,262,632 (68%)	475,831 (94%)	84,394 (99%)	---*
Prior year	2,028,804	---	---	1,378,645 (68%)	511,308 (93%)	109,651 (99%)
Prior years				892		
(Total Outlays)				1,887,812		
Office of Education - School Assistance in Federally Affedted Areas						
FY 1970	505,400	381,223 (75%)	117,483 (98%)	6,621 (99%)	1,400 (100%)	
FY 1971	536,122	---	380,752 (71%)	142,776 (98%)	8,248 (99%)	---*
FY 1972	592,594	---	---	479,718 (81%)	100,415 (98%)	3,113 (98%)
Prior years				-810		
(Total Outlays)				628,305		

* Liquidation not identifiable by fiscal year.

OUTLAYS FROM CONSTRUCTION

Senator MAGNUSON. Of course, construction funds are probably not too good an example. There is hardly any money in this bill for construction at all. You have stopped all construction.

Mr. MILLER. There are plenty of outlays still resulting from construction.

Senator MAGNUSON. When we approved the construction we put it in.

Senator COTTON. We are paying for construction in the mass.

Mr. CARDWELL. When we designed the budget, the payment of outstanding bills must be taken into account first when the whole Federal budget is put together and you decide what you can afford.

Senator COTTON. So that we don't get lost at the outset now, what we are talking about this morning largely in anticipating the duties and responsibilities of this subcommittee in the coming months is the outlays rather than budget authority, right?

Mr. CARDWELL. Correct.

CONTROLLABILITY OF THE BUDGET

Senator COTTON. Now, of those outlays, what proportion of the $93.8 for fiscal 1974 is actually going to be controllable by this committee, and what proportion of them are already—and I am not talking about impoundment now, I will come to that in a minute—are already obligated either in the authorization bills or that otherwise have been committed?

Mr. CARDWELL. If you take the budget that we now have, if you take the $101.9 billion in budget authority about $89.5 billion of it is in the category of the so-called uncontrollables. Now, an uncontrollable item can vary. If it is a public assistance payment the decision to make the payment has already been made, and the Committee on Appropriations is not going to change that decision. All it is going to do is make the payment.

Senator COTTON. You provide an estimate of what will be required to pay the bill.

Mr. CARDWELL. Right. And you approve our estimate in effect.

IMPOUNDMENT

Senator MAGNUSON. What Senator Cotton is talking about, and what bothers me is that you have got a spread here of $9 billion between outlays and budget authority.

Now, I know some of that money is obligated, and you will have to pay it out later, but how many hundreds of millions of that are you not going to pay out at all? You allow programs to run out on July 1 and orders are issued not to continue them. I know you are not responsible for that particularly, but this money that was authorized will never be paid.

Mr. CARDWELL. You are talking about impoundment?

Senator MAGNUSON. Yes. This is what the argument is about, how much was impounded. We know that you have to operate under the archaic July 1 to July 1 fiscal year. But how much is never going to be spent if the programs are carried out under the directives of the past year or the past 2 years?

Mr. CARDWELL. Well, I will put it this way.

In the 1974 budget, that we are presenting to you and are now discussing, the plan is to spend it all.

Senator MAGNUSON. I know, that is what you said in 1971, 1972, 1973, and now 1974. And you people believed it, at least that was what you were told. But it turned out it never was spent, and never will be spent. It changes the program. But look what happened to us in this committee.

Last October when you came up and asked for $760 million you said you were going to spend it on OEO.

And we said, if that is what you want, we will agree to it.

And then we came back in 90 days and you said, you didn't want it at all.

What kind of business is that for us? Then we get accused of spending those funds on the books, but you didn't use it all. Now I do understand that there was a change of policy in those 9 months.

But I remember who testified and we asked, "Are you going to spend this?"

And they said, "Oh, yes, we are going to spend it. The request was late, but that was the fault of Congress."

What I would like to know is how much money is going to be impounded this year, or has been impounded. And I know I will get your statement that you intend to spend it all. But I doubt that, especially if you keep changing programs, cutting out some and moving some different ways But I can't seem to find out how much has been impounded.

How much is never going to be spent for HEW that is impounded, that you won't spend between now and July 1?

And then, of course, we have the testimony from you people that you intend to spend the $101.9 or the $93.8 billion.

Mr. CARDWELL. The $93.8 billion is the estimate of what will be spent out of the full $101.9 billion BA.

Senator COTTON. What I was trying to get at is preliminary to that. Somewhere along the line I expect the Congress and the President will meet head on on this matter of impoundment. But what I was trying to get at is this. Here we are starting out our year's work, and we are going to listen to multitudes of witnesses. And we are going to consider a large number of programs. And yet as far as we are concerned there is not one solitary thing we can do about most of them. They are obligations of the States that come up with x number of dollars, and we have to meet x number of dollars, and all this committee does is estimate what is going to be required. We can't control it.

Mr. CARDWELL. I can give you the key amounts.

Senator COTTON. Wait a minute.

In addition to that, we have got obligational authority conferred—and this is the practice that infuriates me—but it is conferred in authorization bills, backdoor spending that bypasses this committee. And what I am trying to find out right now, before we start—let's forget what the President may decide to impound, we will have to cross that bridge when we come to it so let's forget that. I want to know—and I don't know whether I should be asking you about the 119 or 99.1 or the 93.8, I assume I should be asking you on the 93.8.

CONTROLLABILITY OF THE BUDGET

Senator COTTON. I am asking you actually what portion of that 93.8 is controllable in this committee? What is it that we can cut out and economize, or that we can accede to and appropriate all that is requested. What is controllable by this committee subject to the approval of the Congress?

Mr. CARDWELL. I think we can answer that.

First of all put a circle around the $73.5 BA and 66.3 outlay figures. That represents the estimate of Social Security payments in this budget.

Senator COTTON. Where is that?

Mr. CARDWELL. Those are the third and fourth items down under the column 1974. In other words, that is beyond the control of the Committee on Appropriations.

Senator COTTON. Those are trust funds.

Mr. CARDWELL. These are trust funds, Social Security payments for medicare, and for social security benefits, retirement payments. The remaining $31.5 comes under the purview of this subcommittee, with the exceptions that we have noted before dealing with Food and Drugs and Indian health and several other small items.

Now, within that amount there are grants for public assistance that amount to $12.7 billion that represent an estimate of what the Federal Government owes the States by way of matching. And the subcommittee would normally—you have the authority to raise or lower that estimate, but eventually you have to pay the bill, whatever it turns out to be. And if our estimate is right, $12.7 billion of that $31.5 billion is beyond your control for that reason.

Senator COTTON. Are you now talking about the cost of the administration of the welfare programs?

Mr. CARDWELL. No, I am talking about the actual Federal matching of State welfare payments, $12.7 billion.

Senator COTTON. OK.

Mr. CARDWELL. All right.

We have to make certain payments, guaranteed payments for various loan programs that we operate. The Government has pledged itself to pay an interest differential on student loans and certain construction loans, the so-called interest subsidy. That is $400 million in total.

There are certain payments that have to be paid out of this budget into the trust fund to pay Medicare and retirement benefits for military personnel who were in the Armed Forces and didn't pay into Social Security, or for certain older people in the population that have, under law, been made eligible for Social Security but who haven't paid in.

Senator COTTON. These are established obligations?

Mr. CARDWELL. These are established obligations. And they add up to $3.1 billion. And it is a matter of paying those bills when they come due.

There is a permanent appropriation for a vocational education, which in 1973 added up to $7 million. We are proposing to drop that this year.

Senator COTTON. What do you mean drop it? How are you going to drop it? It is obligated, but you are going to impound it?

Mr. CARDWELL. Let me explain.

We are actually financing it in a different place, but it is $7 million worth of commitment that has to be met that shows up in a different place in the budget. The permanent grant to land-grant colleges is $2.7 million. That is a permanent grant year in and year out. And it is fixed in law, and we can't change it in the budget. And the Subcommittee on Appropriations has no jurisdiction over it.

Senator COTTON. You have tried to, haven't you?

Mr. CARDWELL. That program has two grants, the permanent grant and the grant that comes with the control process. We have tried to change the latter.

Some of the others noncontrollable include:

Payments to the student loan insurance fund, $57 million.

Supplemental security income, $1,890 million.

Assistance to Cuban refugees, $103 million.

Special benefits for disabled coal miners, $944 million.

All those add up to about $19.1 billion, not including the trust funds.

Senator COTTON. You subtract that from the $101.5 and it leaves us how much money?

Mr. CARDWELL. About $12 billion.

Senator COTTON. Later on the public will come in here and they testify about all of their pet programs, and all the things they think about asking us to do, more for this and more for that, and they think they are talking to the people that count—the great Appropriations Committee. And we have actually got how much?

Mr. CARDWELL. About $12 billion.

Senator COTTON. That has been approved by the OMB?

Mr. CARDWELL. You have control over $12.4 billion in this request. You could raise or lower that.

Senator COTTON. That is the sum of money that this committee actually has control over in the last analysis, that Congress has some control over. We can add some things that have been cut out and increase it, or we can reduce it. But as far as the budget is concerned, there is only $12.4 billion that this committee, after we have labored all through the spring and summer and into the fall, has anything to do with whatsoever. And not one person that comes before this committee probably knows that. But that is the situation.

And then after we have made our decision about the $12.4 billion, you may want to put back the Hill-Burton funds or some other funds. And then the President vetoes it and impounds it. Why don't we adjourn right now?

Mr. CARDWELL. I wouldn't want to see you adjourn right now. My salary is in that $12.4 billion somewhere.

Senator COTTON. Obviously I was speaking facetiously, but not entirely so.

The Congress has done it. They bypass us in authorization bills, they confer obligational authority, and then we have to pay it. And they create all these trust funds. And I have always said that that was a dangerous precedent, because when the farmer's wife says that she is going to use all the money that she gets from the eggs to feed the children, and the money she gets from the milk and butter she is going to use to clothe them, in some years they will go without clothes and have a lot to eat, and in some years they will have a lot to eat and no clothes to wear. It takes away all the elasticity of the budget and the spending.

But this has gotten to the point that after all we have these figures in the budget, $12.4 billion that this committee can consider, whether we want to reduce it or increase it, and that is all there is.

Senator COTTON. Has the President indicated that if we don't exceed this $12.4 billion he wouldn't impound any of it, but if we do exceed it may be he will impound it?

Mr. CARDWELL. Yes, to the extent of his authority I think that is the answer.

Senator COTTON. Thank you. That shows us where we stand.

Senator MAGNUSON. I would like for the record the line items in the budget that are included in the $12.4 billion, so that when we listen to the outside witnesses' testimony we have a little bit of a guideline as to where we can increase or lower programs, or whatever we want to do.

Senator COTTON. So that we will be able to tell each witness, well, we have enjoyed your testimony, but what you are testifying about this committee has no control over.

SOCIAL SECURITY TRUST FUND

Mr. CARDWELL. I think an interesting point to look at in that regard is just to take a look at what has happened to the Social Security Trust Fund, the outlay estimates there, the social security payments over the 3 year's payment as shown in this chart. They have gone from $48 billion to $66 billion. And most of that occurred beyond the appropriation process. It involved changes in social security benefit levels that the Congress at large approved.

Senator MAGNUSON. Yes, but the receipts were up, too.

Mr. CARDWELL. Yes, receipts were up , too.

Senator MAGNUSON. And Congress did try to balance the receipts with the increases they put in the different parts of the bill.

Mr. CARDWELL. Right, there is no question about that.

Senator MAGNUSON. Now, I wanted to pursue just this one question. What do you think of this concept of considering trust funds as part of a budget?

I have mixed views about it.

Mr. CARDWELL. Well, it can be debated both ways. I think it is appropriate that it be included as a part of the budget, because I think you have to calculate the capacity of our society to finance various activities. And the social security tax now has become the second largest tax burden that the people have to pay, next to personal income tax.

Senator MAGNUSON. Then you consider the social security payments as a tax?

Mr. CARDWELL. The revenues that finance those payments are a form of taxation.

Senator MAGNUSON. And not as an insurance premium?

Mr. CARDWELL. Well, I don't want to disregard or in any way diminish the value of having the insurance concept. And the people who pay it in are the ones who receive the benefits. But the fact that they have to finance that, and it is a mandatory requirement, that limits their capacity to finance other things. And thus I think you have to consider that as part of the budget.

Senator MAGNUSON. There is a running argument that it is a combination of both. But I always thought that it should probably be separated from the working budget that we have to work with.

Mr. CARDWELL. It used to be.

Senator MAGNUSON. There isn't much we can do about Social Security in this subcommittee or in the whole Appropriations Committee.

Mr. CARDWELL. Correct.

Senator COTTON. This is an awfully sore point with me, because I authorized bills in four successive Congresses—that is eight sessions—when we are fighting about whether to increase social security.

Now, we started in with social security strictly as an enforced savings program for old age, nothing else. There was no total disability involved, and none of these other things. And it was a strict insurance program. A compulsory insurance program. Then when we found that those at the bottom of the ladder were starving to death and just getting a pittance from social security, we wanted to help them and increase it. And in order to do that we had to increase from the bottom all the way up the line. So that to give the person who was getting $33 a month $40 a month we had to increase the benefits of a retired president of an insurance company or of a bank accordingly.

In the meantime we had already violated the concept of the strict insurance plan, because first we started in and said that people over 50 that became totally disabled would receive compensation, and, of course, that was ridiculous because people under 50 with families to support would need it also.

So, later we enlarged that and we got total disability in. And we got all these other concepts in. So, even though we had already violated the concept of the strict insurance plan, some of us said, now, listen, we don't want, every time that we do something to help these people down at the bottom of the ladder get something so that they can buy their groceries, we don't want to have to correspondingly raise the contribution and the benefits of the retired president of the Ford Automobile Co. So as a matter of fact, the late Senator Prouty and I offered successively year after year a plan whereby we would just increase the benefits up to X point, and the balance would come from appropriations from the public treasury.

And we were greeted with holy horror, in spite of the fact that the concept of insurance had long ago been violated. Why, the whole Congress, said, this is just plain hearsay, because social security is an insurance system, you are violating the very principle. So each year we have gone on and on, until now we have got the payments up so high that it is getting nearly prohibitive. I don't know how we can turn the thing backward. But don't you think we were right?

Mr. CARDWELL. That is a tough one. You are really talking about the means test concept of social security. And this is, I think, the thing that everybody has resisted so long. There are two precepts, it seems to me, that underlie a concept of insurance.

Senator COTTON. There is no means test involved.

Mr. CARDWELL. If you say that you want to make payments first to those most in need, that in itself is a test of means.

Senator COTTON. No, we simply assume that. They may not be in need, some of them might have some property.

Mr. CARDWELL. But based on their income.

Senator COTTON. But we simply want to be able to increase the payment in the lower brackets and not have to go all the way up the line. So it wasn't a needs test.

Mr. CARDWELL. I think that is how those that opposed it must have construed it, they have been concerned that that is what it would produce.

It seems to me there are two precepts that the people who believe in an insurance concept have tried to preserve. And one of them clearly has been eroded. The first is that the only people that can benefit are those who have paid in. And we have eroded that. And the other one is that anybody who pays in, regardless of his means in later life, is able to collect on his insurance. If he had the good fortune to become wealthy he still collects. If he had the bad fortune to remain poor he collects. And it is those two things that everybody has struggled with through the years in trying to deal with the concept. And I think it will be debated in the time ahead, and this concept of the means test and the insurance system will be debated many times. I would expect the system to evolve some more. I don't think we have even the end of it yet.

Senator COTTON. I believe thoroughly that the totally disabled should be taken care of with some form of benefits. But I think it should be completely separate. I think that we wouldn't be in this mess we are today if we had accepted social security simply as an insurance, compulsory insurance for old age income, regardless of the person.

Mr. CARDWELL. You are saying, deal with the disability out of the general funds.

Senator MAGNUSON. And then we would have to face up to the problem by direct appropriations. Social Security was conceived, as Senator Cotton said, as an insurance. It was reasonable to believe in a sense that the greatest percentage of the people, after they reach 65, didn't have much wherewithal left. There were a few that did, but they paid in their money for social security, particularly when they had to do it.

Mr. CARDWELL. That is right.

Senator MAGNUSON. If they didn't have to do it, it would be another story.

Mr. CARDWELL. Why don't we go on to look at the budget by operating agency?

Senator COTTON. I am sorry for taking so much time.

Senator MAGNUSON. That is on the next page.

Mr. CARDWELL. The next chart.

CONTROLLABLE PROGRAMS

Senator **Magnuson**. We want to be clear before we leave—and you can correct these figures—that our best estimate is that we have got around $12.4 billion that is controllable, and you will put in the record those line items that are controllable.

Mr. **Cardwell**. Right.

Senator **Magnuson**. You can change that figure.

[The information follows:]

CONTROLLABLE PROGRAMS
(Budget Authority in Millions)

Account	1973	1974
Food and Drug Administration	$ 144	$ 166
Health Services and Mental Health Administration		
Mental Health	640	1,320
Health Services Planning and Development	154	163
Health Services Delivery	919	1,070
Preventive Health Services	139	125
Other	49	59
Total	1,901	2,737
National Institutes of Health		
Biomedical Research	1,483	1,532
Health Manpower	444	386
Other	67	43
Total	1,994	1,961
Education Division		
Education Revenue Sharing	2,514	2,527
Emergency School Assistance	271	271
Other Elementary and Secondary Education	461	276
Higher Education	1,387	1,409
Educational Development	176	123
Library Resources	138	---
National Institute of Education	119	162
Postsecondary Innovation	10	15
Administration	93	90
Total	5,169	4,873
Social and Rehabilitation Service		
Public Assistance	46	46
Work Incentives	291	534
Social and Rehabilitation Services	992	968
Allied Services	---	20
Salaries and Expenses	64	79
Total	1,393	1,647
Social Security Administration		
Administration*—Supplemental Security Income and Special Benefits for Disabled Coal Miners	127	346
Office of Child Development	416	444
Office of the Secretary	75	141
Total, HEW	$ 11,219	$ 12,315

* Excludes limitations on salaries and expenses which the committee considers and could be considered as controllable.

NONCONTROLLABLE PROGRAMS

(In thousands)

AGENCY	ACCOUNT	1972 BA	1972 OUTLAYS	1973 BA	1973 OUTLAYS	1974 BA	1974 OUTLAYS
HSMHA:	FEDERAL FUNDS						
	Medical facilities construction-interest subsidies	$ 20,300	$ 44	$ 2,500	$ 1,909	$ —	$ 14,421
	Retirement pay and medical benefits for commissioned officers	23,960	21,165	29,163	29,088	34,103	33,000
	Subtotal	44,260	21,209	31,663	30,997	34,103	47,421
NIH:	Payment of sales insufficiencies	4,000	4,000	4,000	4,000	4,000	4,000
OE:	Vocational education (permanent)	7,161	7,161	7,161	7,161	---	---
	Higher education:						
	Land-grant colleges (permanent)	2,600	2,600	2,700	2,700	2,700	2,700
	Interest on student loans	196,600	194,296	245,000	215,600	310,000	263,500
	Interest on construction loans	29,010	4,000	14,069	5,000	31,425	20,000
	Student loan insurance fund	12,765	24,371	46,640	46,167	57,883	57,000
	Higher education facilities loan fund	1,731	1,731	1,627	1,627	1,549	1,549
	Subtotal	249,867	234,159	317,197	278,255	403,557	344,749
SRS:	Grants to states for public assistance	12,169,134	13,045,903	13,912,770	12,661,677	12,676,048	12,450,575
	Assistance to refugees in the U.S.	138,990	129,173	145,000	143,217	90,000	103,000
	Subtotal	12,308,124	13,175,076	14,057,770	12,804,894	12,766,048	12,553,575
SSA:	Payments to trust funds	(2,465,297)	(2,454,193)	(2,364,643)	(2,380,857)	(3,110,181)	(3,110,181)
	Special benefits for disabled coal miners	574,206	397,097	1,477,000	1,439,000	943,800	942,000
	Supplemental security income	—	—	---	---	1,889,674	1,889,674
	Subtotal	574,206	397,097	1,477,000	1,439,000	2,833,474	2,831,674
	Total, Federal Funds	13,180,457	13,831,541	15,887,630	14,557,146	16,041,182	15,781,419
	Percent of total Budget	17.4%	19.3%	18.1%	17.4%	15.7%	16.8%
	TRUST FUNDS:						
	PHS trust funds	563	619	2,164	1,453	3,162	2,430
	SSA trust funds (net)	51,224,412	47,098,200	60,705,300	56,828,596	43,477,236	64,798,670
	Total, Trust Funds	51,224,975	47,098,819	60,707,464	56,830,049	73,480,398	64,801,100
	Percent of total budget	85.0%	84.8%	87.1%	85.4%	87.9%	85.8%

HEW BUDGET BY OPERATING AGENCY

Mr. CARDWELL. This next chart reviews the HEW budget by operating unit, operating agency of the Department. We have already mentioned that the Food and Drug Administration, of course, is a part of the Department, but it is not a part of this bill. It shows, of course, that it is a breakdown of the increase of $14 billion by agency, with the biggest increase showing up in the Social Security Administration, as a result of the recent increases in retirement benefits and medicare. We will be breaking each of these down in detail in later charts.

Senator MAGNUSON. The total would be——

Mr. CARDWELL. You will find the same total.

Senator MAGNUSON. You have got the same total when you add all of these up.

Now, you have broken down the divisions. There are less of them in this year's budget, aren't there? Some of the operating agencies have been consolidated. Eight are listed.

Mr. CARDWELL. The consolidation that was announced recently, in fact last Friday on health, does not show in this budget. This budget was prepared before that consolidation took place.

HEALTH PROGRAMS

Now, the next chart takes the health part of the budget and breaks it down. Now, from this point on all the figures you see will be in terms of budget authority, appropriations, until we get to the Social Security Administration.

HEALTH MANPOWER

Senator MAGNUSON. If you know, what is the big reason for the 2-year drop in health manpower after the Congress beefed that up in 1972?

Mr. CARDWELL. This is one of the most significant changes——

Senator MAGNUSON. We will have to ask the Secretary about the policy, I understand that. But there is a substantial drop, isn't there?

Mr. CARDWELL. A significant drop. And it is an important departure from the past program policy for the Department. And the budget assumes a phase down of direct Federal support, both institutional and student support for both graduate training and special disciplines, with the exception of medicine, dentistry, and osteopathy. Training in pharmacy, training in veterinary medicine, and the like; all those are scheduled to be phased out by the end of 1974, in terms of support of new trainees. And it is a policy that we would propose to install this fiscal year.

Senator SCHWEIKER. The $444 million that you have here, is that what we actually appropriated, or what you fellows actually spent?

Mr. CARDWELL. The $444 million I believe is about $300 million below the amount appropriated in the continuing resolution.

Senator SCHWEIKER. That is my point. Here you give us a chart, health programs, and it says budget authority in the millions. That really isn't budget authority. That is really outlays. The budget authority you could find on the first page in appropriations.

This other chart you call budget authority. And again this gets into accounting: The $300 million difference from what we actually appropriated and you actually spent. So you really impounded $300 million. But as budget authority you show what you actually spent as outlays, which is exactly the opposite definition from what you have on page 1. This raises the whole credibility question of what we are doing here.

Mr. CARDWELL. Let's go back and explain the column.

The 1973 column under the term "budget authority" there represents the President's budget proposal for budget authority, to be exercised——

Senator SCHWEIKER. But the definition was completely opposite on the first page. You can't have it one way on page 1 and a different way on page 3: Budget authority dash appropriations.

On page 1 that means Congress. On page 3 it means the President. That is the whole argument here.

Mr. CARDWELL. They both are based on the President's revised proposals. We certainly aren't trying to mislead you in any way.

Senator SCHWEIKER. It is certainly confusing.

PRESIDENT'S BUDGET

Mr. CARDWELL. The term "appropriation" used there was a word that we thought you would recognize as being the equivalent to budget authority. And normally appropriations and budget authority are the same. You have a situation here where the President is proposing a budget level which is different from the level proposed by the Congress. And the President at this point is taking the position that the fiscal year isn't over. He has asked the Congress to reconsider its appropriation levels on many of these items, and reconsider them downward. And this is the level that he has proposed to the Congress. The year isn't over. I don't know what he will do in terms of whether he spends that difference.

Senator MAGNUSON. Is that rescission?

Mr. CARDWELL. No.

Senator SCHWEIKER. It is impoundment, plain and simple.

Mr. CARDWELL. It can't be impoundment until two things happen, until he either during the year has decided and put everybody on notice that he is impounding the money, then and there by putting it in reserve through the apportionment process——

Senator SCHWEIKER. "Reserve" is a nice name for impoundment.

Mr. CARDWELL. All right. But if by the end of the year he has failed to exercise the appropriation authority, then it will be impounded.

Senator SCHWEIKER. I think it is misleading to say budget authority. I knew we had appropriated more than that amount of money, and it almost looks as if Congress went along and acquiesced. Actually, this is only the President's proposal. It isn't budget authority. At least it isn't budget authority as defined on page 19 in the appropriations.

Mr. CARDWELL. In fact, it is even below his own budget as he originally submitted it for those activities. For health manpower he asked the Congress——

Senator SCHWEIKER. He actually has $300 million more budget authority than what we have him listed for. And that is what the whole argument is about.

Mr. **Cardwell.** As of this moment it is that much.

Senator **Schweiker.** And that is just manpower. I don't know about all the other figures in here. But I happen to know manpower. I wonder what the figures are on all the others that are different.

Senator **Cotton.** You are talking about fiscal '73?

Senator **Schweiker.** Yes.

Mr. **Cardwell.** The Congress has appropriated more money than is shown in the budget for biomedical research and health manpower and mental health and food and drug on this list. both of these columns in fact represent estimates based on the President's budget proposal. This is what he has proposed to the Congress. The Congress and the President have disagreed so far in 1973. They may still disagree, and I expect they will, on 1974.

Senator **Magnuson.** 1974 is a different thing. Our viewpoint is that we are looking at the budget for 1974, and using our best judgment on it, but we have already done this for 1973.

Mr. **Cardwell.** He has asked you to reconsider your position on 1973. He said to Congress, please reconsider your prior action vis-a-vis 1973, please rescind certain items where you have already made appropriations, please amend, accept amendments to my own budget proposal where the appropriations have not yet been made. And that is in effect what the President has said. And these columns represent the President's proposal to Congress.

Senator **Magnuson.** Don't we look kind of foolish in spending weeks and months in coming to what we think is a decision, and all of a sudden deciding that that isn't it?

HEALTH MANPOWER

Mr. **Cardwell.** But on health manpower, he wants to change the public policy significantly. He is proposing that we begin this fiscal year to make no new awards in the form of fellowships, scholarships, institutional payments for postgraduate support, and special disciplines. And he is saying that, I think the public policy should be changed and I think these individuals should pay their own way, if they cannot, they should borrow money through the various financing mechanisms that have been established in the educational system, some of——

Senator **Magnuson.** Through the banks, not finance companies, banks.

Mr. **Cardwell.** Some of which are sponsored by the Federal Government through the guaranteed student loan program.

Senator **Magnuson.** And they don't want the paper to begin with.

Mr. **Cardwell.** The guaranteed student loan program, the banks are now making those awards, it is a growing thing.

Senator **Magnuson.** I won't discuss it, but they don't want the paper, they don't want that slow paper even if we could get the same interest.

Mr. Miller and I have argued about this.

Mr. **Miller.** We have indeed.

Senator **Magnuson.** But that is beside the point.

I think the Senator from Pennsylvania has hit the nail on the head. What do we do with these things, which we have worked on to make a decision about, now that somebody wants to change them? On a lot of these things, if the administration doesn't like the way the law is written, then it ought to send up a piece of legislation and not do it through the budgetary process.

Look at the problem that the Senator of New Hampshire and I have had over the year with the whole principle of the land grant colleges which is a very small amount. If instead of choking it by never recommending or impounding funds they should come up and say, let's repeal the land grant college law, Congress would be glad to hear them. But there again you get the conflict, because Congress won't repeal it, Congress won't repeal the land grant college law. But the administration doesn't like it, so they are going to repeal the law through the budgetary process. And this happens all through these health and education programs.

But that is beside the point here.

Go ahead.

Senator SCHWEIKER. May I just interrupt there.

This is a very important point to make, because it gets to the whole credibility of this process. All these charts are labeled budget authority. Here is a book put out by the U.S. Office of Management and Budget. I would like to just define budget authority:

> Government agencies are permitted to enter into obligations requiring either intermediate or future payment of money only when they have been granted authority to do so by law. The amounts thus authorized by Congress are called (italics) budget authority.

Now, this is the OMB's own definition of budget authority. My point is, we are not only following OMB guidelines with these figures and charts——

Mr. CARDWELL. If you look in that same document you will find various proposals in there of the President for fiscal year 1973 and 1974 using the term budget authority.

Senator SCHWEIKER. And they have "estimate" under there.

Mr. CARDWELL. Yes, sir.

Senator SCHWEIKER. Estimate.

Mr. CARDWELL. That is what all these things are, estimates.

Senator SCHWEIKER. But there is no estimate here. They use estimate when it is a projection. It implies that this is what Congress did.

Mr. CARDWELL. I don't think it really implies that. That certainly didn't mean to imply it.

Senator SCHWEIKER. They put "estimate" when it doesn't apply. In the budget book, they have "actual" and "estimate." And I think it makes a big difference.

Go ahead, Mr. Chairman. Sorry.

Mr. CARDWELL. One thing I would like to point out on this chart is that there is a gross increase—a net increase, I should say—of $3.78 billion in health in this budget. But $3 billion of that shows up in medicare and medicaid benefits.

Senator MAGNUSON. That is right. But the other stuff is cut.

HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION

Mr. CARDWELL. Moving on into a breakdown of the Health Services and Mental Health Administration, general mental health and research and training shows a net decrease of $9 million.

COMMUNITY MENTAL HEALTH CENTERS

Community mental health centers shows a net increase of $384 million. However, I should point out that the $384 million is part of a plan to, in effect, pay off the amounts that would be due and owing to community mental health centers that operate under grants made by the National Institute of Mental Health. Once approved, the community mental health center is eligible to receive grants for 8 years on a declining rate. The budget proposes to make no new community mental health center grant awards and to pay off, by requesting sufficient budget authority of the Congress here and now, all these grants as they come due in future years.

So, that the net obligation to all grants that have been awarded thus far could be paid off under this budget.

Senator COTTON. You mean that the policy is to hold this thing status quo, keep the mental health centers going that have been established, but not to create any new ones; is that it?

Mr. CARDWELL. And to fulfill the Federal commitment to make future grants for up to an 8-year period for all those that have been approved now.

And there are $636 million in this budget for that purpose.

Senator COTTON. For those that have been approved or are actually in being?

Mr. CARDWELL. They are projects that have been approved. Most of them are in being.

Senator MAGNUSON. You are paying them off to get rid of them; isn't that the story? You are paying them to get them out?

Senator SCHWEIKER. Why do you show that figure for 1974? I see your footnote.

Mr. CARDWELL. Here it comes back to your budget authority point. We are requesting sufficient budget authority from the Congress to pay off all those future grants. An alternative course of action would be for the Congress to say, no, we only give you the budget authority a year at a time.

Senator SCHWEIKER. That is the way we have been doing it up to now.

Mr. CARDWELL. That is correct.

Senator SCHWEIKER. Why did you not elect to do it that way?

Mr. CARDWELL. So as to show to both the community mental health centers themselves and to the Congress a final decision to close out and terminate the program, and to insure and reassure the community mental health centers that Congress has appropriated sufficient money to pay off the Federal commitment to them. Otherwise, those centers would terminate.

If you terminated the program it might be uncertain as to whether the Federal Government would make those future payments. It is a policy choice.

Senator SCHWEIKER. I think they have pretty well got the message.

Senator COTTON. In other words, your fixed idea is to terminate eventually—as far as the Federal Government is concerned—your whole mental health center program?

Mr. CARDWELL. An existing law has the feature of automatically terminating Federal support at the end of 8 years on an individual project. What would in effect terminate the program would be to settle on all these projects and to reach an agreement, but there would be no new awards, no new projects started with Federal support.

Senator **Magnuson**. How could you reach an agreement, with whom, on something that doesn't exist?

Mr. **Cardwell**. Between the executive branch and legislative branch, an agreement that this is the proper public policy.

Senator **Magnuson**. Decide if they want to do that over the next 8 years?

Mr. **Cardwell**. Right.

Senator **Magnuson**. But all those in asterisks that you show, they are to be phased out?

Mr. **Cardwell**. They add up to the $636 million.

Senator **Magnuson**. Drug abuse, alcoholism and community mental health centers?

Mr. **Cardwell**. These are activities—alcoholism projects that are operated within community mental health centers. There are other alcoholism projects for which support will actually be increased.

Senator **Magnuson**. Now on alcoholism, many of those community programs are somewhat new, and they don't cover a lot of people. In the Senate they think that we didn't go far enough in providing for these programs and that we have neglected rural areas. They are looking forward to new projects, more than just the ones that exist now. I also know some of these projects need revision. Research and experience have shown that some weren't working as well as they could, and they wanted a new approach.

This will be looked at, I think, at some length by the Appropriations Committee in Congress. It is my feeling that they don't want to stop Federal participation in this program. It may be that that might be the thing to do. But anyway, the record should show that the community mental health programs are either being paid off or phased out.

Mr. **Cardwell**. That is correct.

Senator **Cotton**. Is the theory behind the President's policy that he wants to shift from these Federal programs to revenue sharing, and then let the local communities decide whether mental health centers and general health centers are worthy of their taking that money and keeping them going?

Mr. **Cardwell**. That is part of the theory. The theory really has three prongs to it. That is one of the prongs. Another prong is that the concept of treatment in the community in neighborhood centers, in contrast to the past tradition of treatment in large custodial institutions operated usually statewide, or for a large region within a State, has actually taken hold in the delivery system. The practice and care for the mentally ill has already started to shift toward this community health center concept.

The theory is, in other words, that that concept has been proven and demonstrated. And the need for Federal intervention is no longer present.

Senator **Cotton**. You mean people are going to do it themselves?

Mr. **Cardwell**. Communities are going to do this anyway.

And the third prong, in addition to your prong about using general revenue sharing to support the cost of this, is that previously the cost of financing large custodial care arrangements has been traditionally borne by the States. And the concern has been that we have been moving without realizing it, toward a substitution of Federal financing through this community mental health center source for what had been largely a traditional State role. And the President is saying, let the State role reevolve, let it come back into play. And to the extent that additional financing is needed, it should come either through revenue sharing or through increasing reliance on third-party payments.

Senator MAGNUSON. Large mental institutions are fading out, like the State mental institutions. As the Federal Government came in with community mental health centers, a large part of the burden was taken off the States.

Mr. CARDWELL. And that money which they would normally spend has gone some other place.

Senator MAGNUSON. So in effect this is revenue sharing?

Mr. CARDWELL. It is a form. But it is indiscriminate.

Senator COTTON. What is this about third-party payments?

THIRD-PARTY PAYMENT SYSTEM

Mr. CARDWELL. The concept is that health insurance plans are expanding their coverage to reimburse for mental illnesses.

Senator COTTON. What do you mean by third-party payment, you mean families——

Mr. CARDWELL. No; insurance plans, Federal health insurance plans, and all that. The financing of medical care in this country has been gradually shifting to insurance.

Senator MAGNUSON. Insurance? Who insures mental health services? I don't follow that.

Mr. CARDWELL. There is some coverage now, but it isn't yet comprehensive.

Senator MAGNUSON. Who paid the premium?

Mr. CARDWELL. The individual.

Mr. MILLER. Blue Cross covers mental illness.

Senator MAGNUSON. The individual family pays for this?

Mr. MILLER. The individual family pays the premium.

Senator MAGNUSON. And you or I could get insurance in case we ever needed it? Who determines when we reach that sensitive point?

Mr. CARDWELL. I don't know about that myself, I am not sure they would give me any insurance. But this is a concept.

Senator COTTON. It is a concept all right, because nobody in this world who is insane ever thought they were insane.

They think they are insane, that proves that they aren't. And who is going to insure themselves against insanity or mental diseases?

Senator MAGNUSON. Only people who struggle with this budget do that year after year.

Mr. CARDWELL. I think we should move on to another subject.

HEALTH CARE DELIVERY

Senator SCHWEIKER. On that point, Mr. Chairman, I think it is incorrect to say, that the States proportionately are decreasing their contribution, because in the mental health area health care delivery is being decentralized. It is true we are decentralizing health care delivery from institutions to the mental health center. But we are providing more people with more services. And the actual State contribution here is not decreasing, it is just spreading in a different way.

Senator MAGNUSON. I didn't mean the State contribution.

Senator SCHWEIKER. Not you, I am talking about him.

Senator MAGNUSON. I meant the whole bleak institution is fading out.

Senator SCHWEIKER. But they are spending the same amount of money at the State level, although doing it in a different way, in terms of the community health center, and spending it on more people. So the States really will not decrease in terms of what they are doing. To imply that there is less need here because they have decentralized is not what is happening at the mental health center.

Mr. CARDWELL. It is hard to trace it. Another phenomenum has occurred which we have observed——

Senator SCHWEIKER. GAO made a study to that effect, and that is exactly what they found.

Mr. CARDWELL. At the time hard to calculate. Drug therapy has changed the modern institutions for the mentally ill. There are fewer people installed in mental institutions today than there otherwise would have been had we not changed our general treatment mode. And that has had some economic impact on the States, there is just no question about it.

Senator SCHWEIKER. You say some economic impact. What do you mean?

Mr. CARDWELL. I think some economic benefit.

Senator SCHWEIKER. GAO studies showed that they are still putting the same total dollars into mental health, but are just doing it in a different way, in a way that is more efficient and cover more people. But their cost has not decreased. So, I am taking issue with your earlier statement, because I have worked in the mental health field. The State's role has not decreased but has changed substantially; perhaps it is now more effective.

ST. ELIZABETHS

Senator MAGNUSON. Let me ask one question here.

Has anything happened—we have got St. Elizabeths in the budget again—has anything happened to the agreement between the Federal Government and the District of Columbia government to transfer the control of St. Elizabeths?

Mr. CARDWELL. The city and the Federal Government have reached a general agreement on the transfer of the facility from Federal control to local control. This would require, though, a change in the law. The budget assumes financing of the hospital in its present status unless and until that law is passed. There will be an administration sponsored bill to——

Senator MAGNUSON. And then the D.C. government would have to show it in their budget.

Mr. CARDWELL. Yes—I don't know whether it will show up in our budget or their budget, but the plan is for the Federal Government to continue to subsidize the hospital and make subsidy payments.

Senator MAGNUSON. We would be part of it, but it would be their responsibility to bring up the budget?

Mr. CARDWELL. Possibly.

REGIONAL MEDICAL PROGRAMS

Senator MAGNUSON. Now, do you have anything to say about phasing out regional medical programs?

Mr. CARDWELL. Just that the budget proposes that they be phased out.

Senator MAGNUSON. That they be phased out?

Mr. CARDWELL. Yes.

Senator COTTON. Is that the policy of HEW, or was it forced upon them by the Office of Management and Budget?

Mr. CARDWELL. The general conclusions about the program I think were reached both between the Department and the Office of Management and Budget. Both establishments had for several years been questioning more and more the validity of the program and its effectiveness, whether it was really paying its way by serving a useful public role. And, I think the pressure of this overall budget forced that to a culmination this year.

But, it was a mutual conclusion reached by both sides.

CONSTRUCTION

Senator MAGNUSON. And we have the usual matter of medical facilities construction, $2 million, to cover the whole country instead of the $197.2 we appropriated.

Mr. CALDWELL. That is for administration, phase out costs.

Senator MAGNUSON. What building is that that is left? Or is that just to phase it out?

Mr. CALDWELL. That is just to phase it out, to complete the Federal administrative work on ongoing projects.

The Secretary, of course, will talk, I am sure, extensively on this one.

Senator MAGNUSON. Didn't you cut every medical facility construction project 25 percent under what was appropriated by Congress anyway?

Mr. MILLER. I have a feeling—we will look it up for you—I am almost certain that that didn't happen in Hill-Burton. I think you are referring to something that happened in cancer construction.

Senator MAGNUSON. We will have to take this item by item. I understand there are changes in the Cancer Institute budget involving cuts across the board. Anyway, we will go into that reprograming later.

Mr. CARDWELL. That is a very significant change in this budget.

Senator COTTON. When you are talking about these cuts, aren't you talking about the cuts of the 1972 figure, which was continued over to 1973 because of the vetoes?

Mr. CARDWELL. In this case the President's proposal is to phase the program out beginning this fiscal year.

Senator Cotton. Aren't you talking about 1974?

Mr. Cardwell. No; beginning this fiscal year, 1973, in this case.

Senator Magnuson. The present proposal is to provide no more help for any medical construction facility?

Mr. Cardwell. Right.

Senator Magnuson. That is funds for nursing homes, for example and some of the items in the NIH budget?

Mr. Cardwell. The Health and Educational facilities construction.

Senator Magnuson. The proposal is to cut all of that out?

Mr. Cardwell. That is right.

And the Congress appropriated $12 million in continuing resolution, including $20 million for nursing.

Senator Magnuson. Why don't you put a couple of hundred million dollars here in advance, and then we can talk about it 8 years from now?

Mr. Cardwell. In the health manpower items you mentioned, Congress has appropriated $120 million for these programs. The President's budget as reflected in these charts says that he does not agree with that proposal, and the issue will have to be joined before this fiscal year is over as to whether he ends up impounding that appropriation or not. His budget says to you, I do not propose to spend it, I do not propose to apply it.

Senator Magnuson. How much is left of the $143?

Mr. Cardwell. $120 million of that is on hand right now from 1973. But, if you mean 1972, I believe that has all been obligated.

Senator Magnuson. On hand, in the icebox?

Mr. Cardwell. In the icebox. It has been appropriated.

Senator Magnuson. It has been appropriated, but it is impounded?

Senator Schweiker. Held in reserve.

Mr. Cardwell. Actually it hasn't been reserved, that is the point. But this spending plan does not assume that it will be spent.

Senator Magnuson. We will have to find out a little more about that.

Now, the next item is Health Services and Mental Health Administration.

HEALTH SERVICES DELIVERY

Mr. Caldwell. This is a continuation of that agency. And it shows the health services delivery programs. The first item of $341 million, comprehensive health services program, shows an increase of $102 million over 1973. However, all that increase is to support OEO neighborhood health centers that are budgeted to be transferred from OEO to HEW.

Now, the issue about whether that transfer will ever take place is now being debated. But the budget assumes that the transfer will take place and that $102 million will be added in 1974.

Senator Magnuson. On which item now?

Mr. Cardwell. Comprehensive health services.

In other words, that item is $102 million higher than 1973 and it is all related to the budget proposal to transfer the OEO neighborhood health center program from OEO to HEW.

[Discussion off the record.]

Senator MAGNUSON. Now, on the Indian health item, you say that is direct patient care?

Mr. CARDWELL. That is direct patient care for Alaskan Natives and American Indians, on reservations, provided by Public Health Service medical facilities.

Senator MAGNUSON. But that is given to the tribal council?

Mr. CARDWELL. No, this is actually managed by the Federal Government. The services or managing facilities are operated by the Federal Government, and free patient care is delivered through those facilities, and through extension services that the commissioned corps of the Public Health Service operates where they actually visit Indian families in their homes to provide them care.

Senator MAGNUSON. We have got to take a look at how many of the Indian services do this, and whether there is duplication or not.

Mr. CARDWELL. This particular item is not in the bill that this subcommittee considers, it is in the Interior and related bills.

Senator MAGNUSON. That is what I thought.

Mr. CARDWELL. But it is a part of our overall budget.

Mr. MILLER. But I think you are referring to the Bureau of Indian Affairs, Mr. Chairman. HEW runs the whole component for Indians, and it doesn't cross at all into the work of the Bureau of Indian Affairs.

Senator MAGNUSON. So there is no duplication?

Mr. MILLER. No duplication.

Mr. CARDWELL. This used to be operated by the Department of Interior in 1955 and was transferred to HEW.

Senator MAGNUSON. We used to build hospitals and laboratories under the Bureau of Indian Affairs. They were not listed as such, but they did have an item for that in the budget.

Do you have any questions on the Indian matter?

Senator SCHWEIKER. Are you still on health services?

Mr. CARDWELL. Yes, sir.

PUBLIC HEALTH SERVICE HOSPITALS

Senator MAGNUSON. Senator Moss and others are going to have a little bit to say about that later.

Mr. CARDWELL. The money is in the budget to operate the hospitals, $99 million.

Senator MAGNUSON. What about the threatened closures?

Mr. CARDWELL. The proposal to close those hospitals has been submitted to the Congress under the requirement that Congress be given 90 days notice. If they are closed, this money would be used to pay for the same care through community services provided by contract.

Senator MAGNUSON. I know the plan. But is it working?

Mr. CARDWELL. The proposal is now laying before the Congress.

Senator MAGNUSON. I have figures from my district to bring up at the proper time which show where the hospital affected by this closure hasn't even made the contract stage yet. People have said they could provide services for some of the patients, but no one even showed up to talk about a contract. What these contract services are going to cost is more than keeping the hospital open. And they are quite concerned about the research that was done at the hospital. They have a cancer research unit going, but there is no place to put it now. This is a funny thing. The unit ultimately was going to the Hutchinson Center, which is not finished, it is on its way. Now they have cut the Hutchinson Center 25 percent, which will slow it up another year. This is one of the most exciting projects on leukemia going in the whole of the United States. And it is without a home.

Mr. Cardwell. I think they have reached an arrangement where that one would be preserved in a transitional state until it could move.

Mr. Miller. I believe that arrangements have been made to move it to Providence Hospital, Mr. Chairman.

Senator Magnuson. I know.

But they are all right where they are, and it is going to cost you more to do it the other way.

Anyway, Congress is acting on it, and it isn't the only hospital I have. You have an Indian clinic up there, too. Where are you going to put that?

Mr. Cardwell. The outpatient clinic will be continued.

Senator Magnuson. But why not leave them alone where they are? I don't know whether you remember the way I used to handle the Veterans' Administration appropriation——

Mr. Cardwell. Yes, I do.

Senator Magnuson. But my plan was to start a bidding out in conjunction with the VA hospitals for construction of a hospital where there is plenty of room, a beautiful site, and all this is just up five blocks from this present hospital. Then patients would have had the benefit of all the clinical care and the laboratories and everything else all in one close area. But nobody would allow any construction money there in the VA.

So, now they are all stuck and hanging in limbo. And as of last week I made inquiries, had my office make inquiries, to my friends in two or three of these hospitals. And they said they would like to talk about contracting services if the hospitals were being closed. But nobody has even showed up to talk to them about it, not a soul. So they picket out there, and they march, and you would think the Vietnam protests were a mild circus compared to what goes on out there about closing the public health service hospital.

Mr. Cardwell. I went through the hospital.

Senator Magnuson. It seems to me that the cost of moving things is going to be more than keeping the hospital open, but they have no choice. If the research unit goes over to our good friends at Providence, the good sisters can only keep them there a year, and they have got to throw them out. Then where are they going to go?

But that is not your problem.

NATIONAL HEALTH SERVICE CORPS

Mr. Cardwell. I mentioned that the National Health Service Corps has an increase of $23 million. That assumes a legislative proposal which would establish an increase for scholarships that have not previously been authorized in that program.

Senator Magnuson. You have increased that, though?

Mr. Cardwell. Yes, sir; but to finance this new scholarship concept.

Senator **Magnuson**. That seems to be working pretty good as it is. I don't know.

Mr. **Cardwell**. 1974 would be the first year of this program.

OCCUPATIONAL HEALTH

Senator **Magnuson**. How does occupational health fit in here? What is your connection vis-avis the Labor Department on this? They deal with safety and you deal with research.

Mr. **Cardwell**. We deal with research and development—first of all, with research and determination of the effects of various occupational hazards, and then design and promotion of health standards and programs to be used by employers.

Mr. **Miller**. Also, we established standards for the Labor Department.

Senator **Magnuson**. Which they have used, apparently—we just passed out of my committee a pesticide bill which the President has signed. This program was over in the Agricultural Department. Now they have moved it to the Labor Department to a new division.

Mr. **Cardwell**. This group would be responsible for developing standards to be used by manufacturers of pesticides that would safeguard the health of employees who engage in that manufacturing process. Once developed by his group, they would be enforced by the Labor Department.

Senator **Magnuson**. We will sort this out when we hear from the Department of Labor.

NATIONAL INSTITUTES OF HEALTH

Mr. **Cardwell**. NIH is the next chart.

Senator **Magnuson**. We will have to start thinking about priorities again.

Mr. **Cardwell**. You hear that a big change is the general governmentwide, HEW-wide plan to make no new training grant and fellowship awards beginning this fiscal year, but to continue to finance students who are currently enrolled under Federal support. And that accounts for a number of the decreases that you see on that chart.

Senator **Magnuson**. These decreases are training grants and fellowships.

Mr. **Cardwell**. Training grants and fellowships.

The other research institutes up at the top show a net decrease of $43 million.

Senator **Schweiker**. What did we actually authorize for that again, getting back to Congress' authority versus what you are doing?

Mr. **Cardwell**. The total appropriations made thus far for this fiscal year under the continuing resolution, which would be the lower of the House and Senate, for the research institutes, would be $1.723 billion, compared to the $1.483.

Senator **Schweiker**. But what would be the corresponding figure for your other research institutes, that same figure broken down?

Mr. **Cardwell**. I will have to subtract out heart and cancer. About $930 million.

Senator SCHWEIKER. So in essence, for the heart and cancer research you have taken the highest figure, and for diseases other than heart and cancer you have taken the lowest figure.

Mr. CARDWELL. Heart and cancer are the same as the original budget; but, reductions have been made in the others.

Senator SCHWEIKER. So you are robbing the other diseases for heart and cancer, which I know Congress never intended to do.

What is the reason now for use of the high figures in one case and the lower figure in the other?

Mr. CARDWELL. It is a matter of priority and emphasis. The President has personally said that——

Senator SCHWEIKER. But what is your authority?

Mr. CARDWELL. The largest possible push in the heart and cancer area.

Senator COTTON. Dr. Marston testified last year that his justification for emphasizing heart and cancer was that they had the greatest death toll.

Senator SCHWEIKER. I am not questioning that. What I am questioning is why you have got to spend the higher amount on heart and cancer. Why don't you spend a higher amount on diabetes and mental health and all the others?

Mr. CARDWELL. We are not saying that we have to spend a higher amount. We have chosen to spend it. And the authority issue is, does the President have authority to spend less than was appropriated for these kinds of programs. And it is our reasoning that he does.

In other words, the appropriation by the Congress for this kind of program is not in itself mandatory on the Executive.

Senator SCHWEIKER. So we are back to impoundment again, right?

Mr. CARDWELL. In this case.

Senator SCHWEIKER. That is all I have.

SOCIAL SECURITY AMENDMENT

Senator COTTON. And we are up against the same old story; that because there isn't probably money enough in the Treasury to make dialysis available in the remote regions to everybody whose life depends on an artificial kidney, because we can't go the whole way we aren't going to do much at all.

How far are we going on that, and in which of the Institutes?

Mr. CARDWELL. Several things have happened on kidney dialysis. The institute for arthritis and metabolic diseases would be indirectly involved. As you know, the Social Security Act has been amended to permit the financing of kidney dialysis for all people paying into social security.

This amendment provides nearly universal coverage, perhaps 90–95 percent of the population. This is a policy that just emerged last year as an amendment to the Social Security Act.

Senator COTTON. That can't reach them in remote regions?

Mr. CARDWELL. Delivering the care, that is another question. They would be eligible for the financial assistance if they could obtain the care. And I think we ought to talk to the Health Services and Mental Health Administration when they come up.

Mr. MILLER. But Senator Cotton, the amount of money that is specifically earmarked in the budget for the H.R. 1 provision in medicare is considerably more than we have ever spent before at the Federal level for that program.

Now, such services as we provided previously were under the regional medical program. And that will be phased out.

But we will actually be supporting more services for people out of the medicare program than we have ever supported before. There is $100 million dollars earmarked. We are estimating that that is what the cost will be. We will pay whatever it is.

Mr. CARDWELL. I would emphasize that the social security provision is very broad in that it does extend to the beneficiaries.

Senator COTTON. I am not being critical. We have been up against the same thing every year. You have a tendency to say, well, we shouldn't increase it because we can't take care of all of them, what is the use of taking care of a few more. Hasn't that been the reasoning?

Mr. CARDWELL. Yes. But I think that reasoning has been breached now. I think the social security amendment and its reach is so great now that you have really crossed over that barrier. I think we really are on our way to a public policy which says the Federal Government will finance kidney dialysis, this will be an exception to the rule, but it will finance it in the case of most citizens through the Social Security Administration.

Senator COTTON. You see, it is always very painful to me—representing a large rural constituency—that you can have machines where you have several patients within a radius of just a few miles, but when you get into the remote areas it is a different thing. So, I still have before me in my constituency, cases where people just have to die because they can't get to care, and it is painful. But I recognize the situation.

Mr. CARDWELL. I think the financing capacity will in itself influence the delivery system to respond. The technology certainly is developed, there is no doubt about that.

Senator COTTON. And the machines are much less expensive?

Mr. CARDWELL. Correct.

Moving on to health manpower——

Senator MAGNUSON. Let me ask one thing.

By intramural research you mean in-house?

Mr. CARDWELL. Yes, directed by them and usually conducted on their campus.

CONSTRUCTION

Senator MAGNUSON. And then the construction grants for the institute. We appropriated $492 million for the cancer institute in fiscal year 1973. And you have only spent $426 million; is that right?

Mr. CARDWELL. The budget calls for 426 plus 6 more for general research support, correct, to be spent against that.

Senator MAGNUSON. I know. But we appropriated 492.

Mr. CARDWELL. That is correct.

Senator MAGNUSON. What has happened to the other $60 million?

Mr. CARDWELL. I guess the issue is—it is the concept of holding all spending at the level of the President's budget, versus the level appropriated.

Senator **Magnuson**. That is impounding again, isn't it?

Mr. **Cardwell**. In that sense, yes.

Senator **Magnuson**. So you have impounded $60 million approximately for this in fiscal year 1973.

Mr. **Cardwell**. Yes, sir.

Senator **Magnuson**. And that has caused the cutting down of, say, the Cancer Institute that is on its way in Seattle, the Hutchinson Cancer Center, by 25 percent?

Mr. **Cardwell**. No, I don't think so.

Senator **Magnuson**. I will bring that letter from Hutchinson for you.

Mr. **Miller**. If that happened it couldn't have had to for that reason, because we increased the funds.

Senator **Magnuson**. Can you find out what is the reason? They just received notice about a week ago that their funds for 1973 will be cut 25 percent. If you have got plenty of money in there, what is the reason? They are ready to let the contract, and the mailman came——

Senator **Cotton**. I have a case where contracts are let for constructing a new building, but the equipment, $130,000, one-half of it was to be out of the Hill-Burton. The Hill-Burton is now cut out, and so they got notice even after they had let the contract and ordered the equipment that it wasn't coming in.

Mr. **Miller**. There may be Hill-Burton funds in it, but I am not sure.

Mr. **Cardwell**. It couldn't be because of the budget, because that will be coming up from——

Senator **Magnuson**. It is possible that we have had a beefed up program for cancer. I understand we are all in agreement that we are going to beef up and spend more money on cancer. But what happened at Hutchinson?

Mr. **Cardwell**. We will alert the National Cancer Institute to explain that when they get here.

Senator **Magnuson**. All right.

The next one is the health manpower.

HEALTH MANPOWER

Mr. **Cardwell**. Here is where the policy of turning off and turning down postgraduate support for selective disciplines shows up in the most dramatic form. Institutional assistance and loans for physicians, dentists, and osteopaths would be continued, but all other would be phased down or out, beginning in the current fiscal year, under the general policy of continuing support for current students, but making no new awards and continuing institutional support in direct proportion to the number of students that would continue to be supported.

Senator **Cotton**. They are reducing this one, too?

Mr. **Cardwell**. Yes. That would include nursing, veterinarians, pharmacists, podiatrists.

Senator **Cotton**. I might understand the reduction for podiatrists and veterinarians and that sort of thing, but I can't understand the reduction in nurses.

Senator **Magnuson**. I can't, either.

Now we come to education. We will have to go into that.

EDUCATION BUDGET

Mr. **Cardwell**. This first item really has been now provided to the Congress in the form of the Better Schools Act proposal, and it will be funded at the level, as proposed in the budget, of $2.5 billion, and we will show you a breakdown about it in a little while in the next chart.

The emergency school assistance program would be continued at the current level.

The breakdown of the other elementary and secondary educational and the higher education and educational development programs occur later on.

Senator **Magnuson**. When you talk about higher education, does this include the BOG?

Mr. **Cardwell**. Yes. We will have a breakdown of that in a later chart.

Library resources does not show in a later chart.

Senator **Magnuson**. I want to say for the record, and you can pass this on, I was with a lot of the administrators of student loan programs in the last few weeks at home, and I don't think anyone is totally against the BOG. They are not sure that this may not be a good idea, but is it the time in between beginning the new and ending the old program that they are worried about; you may have good intentions in the Department, but say the BOG plan is approved, it would be funded through the appropriation process. I don't think you would even be able to get the forms out until October or November.

Mr. **Cardwell**. I think, with the congressional action that was taken just before Congress recessed, that should not happen.

Senator **Magnuson**. That would speed it up?

Mr. **Cardwell**. Yes.

Senator **Magnuson**. The schools absolutely don't know what to tell a student now, they haven't any idea. This is the time of year that they start thinking about the next year's enrollment. And they don't have any idea of what's going to happen.

Mr. **Cardwell**. But by approving the appropriations before Congress recessed they opened the door to the dissemination by the office——

Senator **Magnuson**. We have to do something about the lack of dialog between these people and the administration some way.

Mr. **Miller**. Just yesterday a letter was mailed out to all of these people telling them exactly what the status is on the appropriations and what our intention is.

LIBRARY RESOURCES

Now, I see that the libraries are down to zero.

Mr. **Cardwell**. That is both college libraries, public school libraries and community libraries.

Senator **Magnuson**. This is a mystery. We spend hundreds of millions of dollars teaching Johnnie to read, and then we don't give him anything to read.

Mr. **Cardwell**. It is an issue of Federal role versus the local role.

Senator **Magnuson**. I don't blame this administration any more than I do any other. The Senator of New Hampshire and I know that the administration seems to have the blindest spot on libraries. They never want to give a nickel for a library or to help them. I am not talking about the rich institutions that have libraries. I don't know how many high schools and elementary schools in this country don't have any library at all of any kind. Federal programs are usually a matching program, to a great extent. But we will have to see what Congress wants to do about that. But this program is cut from $138 million to zero.

Mr. CARDWELL. The National Institute of Education shows a significant increase. However, about half of the $43 million increase would represent OEO money and OEO programs that will be transferred into that appropriation.

Senator MAGNUSON. We are here again on educational revenue sharing. Why do you call it that?

Mr. CARDWELL. It is now being proposed as the Better Schools Act.

POSTSECONDARY INNOVATION

Senator COTTON. Before you go to that, would you just tell me what postsecondary innovation is?

Mr. CARDWELL. That is new, established by Congress at the close of the last session; and, through grants and other forms of financial aid, the fund will assist in the promotion of new approaches and new innovations in higher education. There is also a commission which has been established and a director has been nominated by the President. I think they already held their first meeting.

Senator COTTON. This only has to do with colleges?

Mr. CARDWELL. Just higher education—postsecondary, not necessarily college.

Senator COTTON. I hope that it would not be a continuation of that system you have in elementary education where you tried to teach children to read without teaching them the alphabet?

Senator MAGNUSON. Teach them to read and no libraries.

EDUCATIONAL REVENUE SHARING

Mr. CARDWELL. That item, the $2.527 billion would provide a general——

Senator MAGNUSON. Where are you?

Mr. CARDWELL. I am on educational revenue sharing.

Senator MAGNUSON. Well, there is no use for us to discuss this, you just cut every program out, all six, and you have got $2.527 billion for educational revenue sharing.

Mr. CARDWELL. We have substituted that bloc grant. The proposal is to substitute a bloc grant in effect for those items.

Senator COTTON. Would this allow the States to do their own dividing up?

Mr. CARDWELL. Yes. The Better Schools Act, though, does propose a formula which would concentrate the bloc grant, on the educationally disadvantaged, and would provide a pass through for impacted area aid for "A" children. But otherwise it would leave to the discretion of the State and the locality the application of the money.

Senator MAGNUSON. I know what they are trying to do. But what if revenue sharing doesn't get enacted? Then where are you? You will just have to shift your budget back.

Mr. CARDWELL. The Secretary has answered that he will cross that bridge when he comes to it.

Senator MAGNUSON. But in the meantime the schools are wondering what to do, what is going on. They can't plan on these programs I am talking about.

Mr. CARDWELL. Yes, sir, I understand.

Senator MAGNUSON. Title 3 is the same story.

Mr. CARDWELL. We would hope the Congress will act and the Executive will respond, and the public——

Senator MAGNUSON. They are not going to act, I don't think anybody is going to act until July 1. But we might act or we might have a continuing resolution.

Mr. CARDWELL. A continuing resolution, I think, would have the effect, it could certainly be tailored to have the effect of maintaining programs.

Senator MAGNUSON. You would have to come back to the old budget while you are waiting. We can't cut all these programs out based on the fact that revenue sharing may pass. We have to keep these people supported.

I don't see how we can do it. And then there will be nothing.

Mr. CARDWELL. I think the Secretary's concern on the other hand is that he would hate to see the opportunity for the Better Schools Act to become law diminished, if it were preempted by the continuation, point blank, of the other programs.

Senator MAGNUSON. I know. But these people have got to have something to go on.

Senator COTTON. I have been more and more convinced, there has got to be some transition. You can't stem the tide of these programs that has been going on for years now even though the concept is good. I agree with the President's concept, it is a good goal, but you can't suddenly terminate these programs, jump right off into space and depend on revenue sharing taking its place. What if we sent up a bill to the President that continued the various programs for half a year and terminated them contingent on their getting x amount of revenue sharing by that time, and if they didn't get revenue sharing, let them run the full year?

That sounds like a rather farfetched, patched up idea. But you have got to do something like that to meet the President halfway on this desire to give them the same money, but give it to them en bloc. But in the meantime they may get left in between and get nothing.

Mr. CARDWELL. I would commend to the Congress the process to think that through. I think your argument makes a lot of sense. Our problem is that——

Senator COTTON. That is an admission.

Mr. CARDWELL. Our problem is, no, we end up with point blank situations where it is either or, either you continue the old programs or you don't have a transition to a new approach, or as you say, you have the new approach with no transition.

Senator **Magnuson**. But why don't you wait until revenue sharing is passed, and then go on with the revenue sharing program?

Mr. **Miller**. Mr. Chairman, we don't disagree, as Mr. Cardwell says. But we have proposed revenue sharing, I think, now for 3 years. And, what we are saying is that we somehow or other have to provide a lot of impetus and put as much stress on it as we possibly can.

Senator **Magnuson**. I know, but this is the wrong way to go at it. And this isn't going to help revenue sharing, it is going to make it worse. If they treated that separately, and if and when it is passed and the President signed it, then you phase into those programs. And if that is decided, you spend the amount of money already appropriated up to that point. The bill will probably say that if they go into revenue sharing now, they wouldn't be impounding anything. You would have the same money, but you would switch it around.

But wait until that bill gets passed. And what a time you are going to have about impacted aid.

Mr. **Cardwell**. Well, it is a time that we have had year in and year out, and we have got a lot of scars to show for it.

Senator **Magnuson**. And, of course, the President has also suggested a change in the vocational education program, which Congress has placed a lot of faith in.

We will have to take a look at that.

Mr. **Cardwell**. Let's go on to the next chart.

Senator **Magnuson**. Incidentally, there are $244 million that has been added here for the school lunch program under the Department of Agriculture.

Mr. **Cardwell**. Yes, sir.

Senator **Magnuson**. That won't be affected by revenue sharing? You are not going to revenue share the school lunch program; are you?

Mr. **Cardwell**. Yes. The $244 million would be transferred from the school lunch program and added to the bloc grant, and could be used by the local community.

Senator **Magnuson**. That is going to be in there, too?

Mr. **Cardwell**. Yes, sir.

Senator **Magnuson**. I want to tell you, when that gets to a Governor he is going to have some trouble on choices. But the Federal school lunch program I had hoped would be separate. Later on you might want to include it in revenue sharing.

BASIC OPPORTUNITY GRANTS

Senator **Magnuson**. All right, higher education. Now, you have got the BOG program, which we gave you $122 million for in the urgent supplemental bill. You propose $959 million. And that in turn will phase down the work-study and supplemental grants, and at the time increase the insured loans, and terminate direct loans entirely.

Mr. **Cardwell**. Except for work study, that is correct.

Senator **Magnuson**. Of course, that is based upon whether the Congress approves of BOG. And I don't think anybody has tossed that out of the window yet. The Congress thinks something ought to be done, and this may be the way. Otherwise, we wouldn't have appropriated that $122 million.

Mr. **Cardwell**. The $959 million would provide full funding for the basic opportunity grants program.

Senator **Magnuson**. The subtotal is $1.593 billion for student assistance—and then you have got——

Senator **Cotton**. The subtotal is an increase.

Mr. **Cardwell**. A $125 million increase for student aid. And the overall increase is $116 million for higher education.

STRENGTHENING DEVELOPING INSTITUTIONS

Senator **Magnuson**. The program for strengthening developing institutions covers many of the smaller colleges and many of the black colleges, doesn't it?

Mr. **Cardwell**. That is correct. This is a part of the special effort——

Senator **Magnuson**. Now, on construction grants, you went up a little bit. Is that to those particular institutions that are already funded?

Mr. **Cardwell**. No; there were some grants in 1972. In 1973 and 1974, the funds are for the interest subsidies. We are not approving any new college construction support.

COLLEGE PERSONNEL DEVELOPMENT

Senator **Magnuson**. You are practically cutting out the college personnel development program, aren't you?

Mr. **Cardwell**. That is correct.

BILINGUAL EDUCATION

Senator **Magnuson**. You have got the same amount as last year for belingual education.

Mr. **Cardwell**. Correct.

FOLLOW THROUGH

Senator **Magnuson**. And follow through is down.

Mr. **Cardwell**. Minus $17 million, yes, sir.

EDUCATION FOR THE HANDICAPPED

Senator **Magnuson**. And education for the handicapped is up.

Mr. **Cardwell**. $1 million.

IMPACTED AREA AID

Senator **Magnuson**. And impacted area aid?

Mr. **Cardwell**. That is the proposal to drop the "B" children assistance.

Senator **Magnuson**. You are phasing that out?

Mr. **Cardwell**. Yes, sir, the "B" children.

Senator **Magnuson**. What has that got to do with the regular impacted area aid?

Mr. CARDWELL. The impacted area authority has two features, one feature authorizing payments to so-called A children, and that was the original proposal.

The second feature of the law, which was in the form of a later amendment, authorized payment to so-called B children, the children from families who live in the community, but work on the Federal property. That authority expires June 30 this year, and the budget proposes that that authority not be extended, that it be dropped.

Senator MAGNUSON. What is the difference between that program and the one we have over here, impacted area aid?

Mr. CARDWELL. The one in revenue sharing is only for the "A". We are proposing to continue it for the "A's".

Senator MAGNUSON. I see.

If we want to get to the "B's", we will have to increase this amount for impact area aid.

Mr. CARDWELL. Correct.

Senator MAGNUSON. I used the word "we" advisedly on that.

Mr. CARDWELL. You would have to pass some authorizing legislation, too.

Senator MAGNUSON. To get the "B's" going?

Mr. CARDWELL. To keep the "B's" going.

Senator MAGNUSON. But the "A's" are taken care of over here?

Mr. CARDWELL. In the Better Schools Act.

Senator MAGNUSON. They aren't taken care of, are they? They are zero until we pass the educational revenue sharing?

Senator FONG. Why do you put it in two places?

Mr. CARDWELL. Well, we are really trying to show that here we are proposing to drop the program, because one part of it expires legislatively, and the other part we are proposing to fold into the educational revenue sharing program. And that accounts for the two places. It has been managed heretofore as one program, "A" and "B".

Senator FONG. If education revenue sharing goes through, you drop the other?

Mr. CARDWELL. We drop the "B".

Senator FONG. You drop this impacted area aid?

Mr. CARDWELL. Right. And this part of it here deals with the so-called "B" children.

Senator MAGNUSON. If revenue sharing goes through, you will drop the "A's"?

Mr. CARDWELL. Yes, it would become a part of the revenue sharing. There would be a passthrough feature, though, in the legislation that would direct——

Senator MAGNUSON. In the $2.4 million they are going to have to take care of the "A's" if the revenue sharing bill passes?

Mr. CARDWELL. And the only school district that would be——

Senator MAGNUSON. And they are phased out until Congress renews authorization?

Mr. CARDWELL. The "B's", correct.

Senator FONG. Your $61 million here is for "B's"?

Senator MAGNUSON. They have dropped that down.

Mr. CARDWELL. This is what is left in the program, it is the so-called special provisions. There would be nothing left for "B's." They make special payments to certain classes of schools, those who have suffered emergencies, and payments to other agencies, mainly the Defense Department.

And the Public Law $15 money is in there for assistance on construction.

Senator COTTON. What is other?

Mr. CARDWELL. That would be strengthening State departments education, minus $38 million, and NDEA title 3 equipment.

RIGHT TO READ

Senator MAGNUSON. I see you have got "Right to Read" up. That is good.

Now we have got to get them some books.

And the others.

TEACHER CORPS

The teachers corps is the same?

Mr. CARDWELL. Yes, sir.

SOCIAL AND REHABILITATION SERVICE

Senator MAGNUSON. The next is social and rehabilitation services. That is down by a total of about $1 billion, isn't it?

Mr. CARDWELL. Yes, sir. And that is a result of our estimate of the combined effect of the new quality control regulations that were just announced, and the new regulations defining the conditions under which social service grants may be matched, the transfer of the adult categories to SSA, new medicaid legislation, and other changes.

Senator MAGNUSON. You are dropping assistance to Cuban refugees down to $90 million, aren't you?

Mr. CARDWELL. Yes, sir.

Mr. MILLER. That is another item, Mr. Chairman, that comes before another subcommittee.

Mr. CARDWELL. On salaries and expenses, SRS, there is additional staff to manage and oversee the State welfare agency, and to manage these new quality control regulations. Our attempt is to monitor the States more closely to see if we can avoid their adding to their rolls ineligibles that we have to finance later and then later try to get off the rolls. And it is an effort to work through our regional offices and improve our monitoring and thus hopefully reduce the cost of public assistance. That is a big undertaking and a tough one.

Senator COTTON. This is to help do the job and put——

Mr. CARDWELL. Yes, the social services would be monitored as a part of this, yes.

Senator FONG. Maintenance assistance is supplementary income?

Mr. CARDWELL. The adult categories are transferred from public assistance to the supplementary income program, and that accounts for a minus $1.2 billion in that drop. There is in the AFDC assistance program an increase of almost $100 million.

MEDICAID

Senator MAGNUSON. Is medicaid up because of the changes in some of the guidelines, or is it up because we wanted to include more people there? In other words, we lowered some of the guidelines so that more people could be eligible.

Mr. CARDWELL. The number of people being eligible would go up from 23 million in 1973 to 27 million in 1974.

Senator MAGNUSON. On medicaid?

Mr. CARDWELL. Yes, sir.

Senator MAGNUSON. And some of the States have come in and cooperated and gone ahead with their plans. I see the State of New Mexico, that didn't have anything for a long time, has come out with a plan that seems to be the best model around as far as costs are concerned.

Mr. CARDWELL. The standards of the supplementary security income program, too, are also expected to influence increased coverage for medicaid among the States.

MAINTENANCE ASSISTANCE

Senator MAGNUSON. Why do you use the word maintenance assistance?

Mr. CARDWELL. It is just a polite term, I guess, to avoid the common term "public assistance" or "welfare."

Mr. MILLER. Cash assistance.

Senator MAGNUSON. Instead of being on welfare I am on maintenance assistance, is that it?

Mr. CARDWELL. Yes. It is just a euphemism.

Senator MAGNUSON. It isn't a bad idea.

SOCIAL SECURITY

All right, we will just pass over social security, because we have got to take that again later on anyway.

But what is the status now of getting a new Commissioner in? I suppose they are thinking about it, but it has been a long time since Ball has left, and social security is a continuing ongoing operation.

Mr. CARDWELL. Yes, sir. He left in March. And Arthur Hess, who will appear before this committee as Acting Commissioner, has been acting in his stead.

Senator MAGNUSON. The Acting Commissioner?

Mr. CARDWELL. Yes.

Senator FONG. Are you making money on the hospital and supplementary medical insurance?

Mr. CARDWELL. No, when you say making money, no.

Senator FONG. You have receipts of $16 billion and an outlay of $12 billion?

Mr. CARDWELL. I see what you mean. It does mean that the receipts that will be collected in that year will exceed payments that will be made in that year, yes, sir.

Senator **Fong.** Will that program take care of itself? Is that what these figures show?

Mr. **Cardwell.** Yes; the whole concept of the whole fund is that there should be enough excess of receipts over outgo to finance 1 year, the equivalent of 1 year's full benefits.

Senator **Fong.** This is medicaid?

Mr. **Cardwell.** This is medicare we are talking about.

Senator **Magnuson.** The next one is your payroll.

Mr. **Cardwell.** Before you leave that one, the $2.2 billion on the supplementary security income is a significant item that will show up this year and the year after in the Social Security Administration budget. And that represents the takeover by the Social Security Administration, the federalization, of the so-called adult categories from the States. Some 6 million beneficiaries who have been on the State rolls, will be taken on the Federal rolls under this program. That is the $2.2 billion item at the top.

Senator **Magnuson.** How is that administered?

Mr. **Cardwell.** That will be administered by the Social Security Administration. They created a separate bureau within the overall agency.

Senator **Magnuson.** If they come around and find a fellow who has nothing but, say, a $1,200 a year income, or something like that, they want to build him up to the poverty level, which would be above that?

Mr. **Cardwell.** The law prescribes the benefit level that an individual would be eligible for. Essentially it is a matter of converting people from State rolls to a new series of Federal rolls. It is an enumeration process that is now underway to identify all the people who are eligible on those rolls.

Now, the new law does obviously make people eligible—the eligibility is more liberal than that of some of the States. And there is the business of making those people aware of their new entitlements. And that process is just now getting underway.

Mr. **Miller.** Mr. Chairman, heretofore the public assistance program run by the States and supported by the Federal Government has included the aged, the blind, and the disabled, and aid to families with dependent children. The first three are being moved to the Federal Government and are being administered by SSA. And that is what that program is, with only the AFDC run by the States.

Senator **Magnuson.** It seems to me it would be a tremendous job to identify these, and sort them out.

Mr. **Cardwell.** It is a big job, it is a big undertaking, with 6 million potential beneficiaries.

Senator **Magnuson.** Of course, the ones that they would deal with under this program, they have got cataloged any way someplace, haven't they?

Mr. **Cardwell.** A large share of them are already on State rolls, and it is a matter of examining those State rolls, and then creating a new set of data on each of those people in the computers of the Social Security Administration.

Senator **Magnuson.** You know, there have been some changes in the Social Security Administration. I would think that they would take some of their funds and do a little more advertising, even to the extent of putting a little ad in the paper every once in a while, or in the want ads "Have you seen your Social Security Administrator lately?"

Mr. CARDWELL. They do.

Senator MAGNUSON. The problem is, we find so many people that don't understand, and they don't know where to go sometimes. And when they do go, why they still don't understand it; although SSA people try to be as courteous as they can and do the best job they can. But there have been 2 years of rapid change in this whole program.

Mr. CARDWELL. Yet I think it is a very service-minded agency, I don't know of any agency of the Government that is any more dedicated.

Senator MAGNUSON. I am sure the TV stations would take ads as part of a public service, just a half minute flash giving the number or the address would be helpful. The people that are involved here are people who are great television watchers.

Mr. CARDWELL. Yes.

HEW EMPLOYMENT

Senator MAGNUSON. All right; you are down 3,000 people, I see.

Mr. CARDWELL. Yes.

Senator MAGNUSON. 3,002; and you have picked up 650 in the Office of the Secretary. We can cut that out.

Mr. CARDWELL. Some are from OEO. One hundred and twenty-five of those are OEO employees transferred from OEO activities.

Senator MAGNUSON. Any further questions from the committee members?

[No response.]

I have one question to ask for Senator Schweiker, who had to leave.

ETHNIC STUDIES

What category under "Other" education programs includes funding for ethnic studies?

Mr. CARDWELL. That program has been authorized, but it has not been established or instituted by the executive branch.

Senator MAGNUSON. You have no money for it?

Mr. CARDWELL. No money budgeted.

Senator MAGNUSON. See that he can understand that.

Mr. CARDWELL. And, the authority will by the end of this year, 1973 have expired, too. It is a 1-year authority.

Senator MAGNUSON. We thank you for coming. And I want to suggest that the committee appreciates having this laid out the way you have laid it out here in the tables: HEW budget in brief. I think we understand the budget much better; if it is possible to understand it.

Mr. CARDWELL. We will be back tomorrow with the Secretary.

SUBCOMMITTEE RECESS

Senator MAGNUSON. For the record, we will stand in recess until tomorrow at 10:30 a.m., and resume with the Secretary on the HEW fiscal year 1974 budget, in this room.

[Whereupon, at 12:20 p.m., Tuesday, May 8, the subcommittee was recessed, to reconvene at 10:30 a.m., Wednesday, May 9.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

WEDNESDAY, MAY 9, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:40 a.m., in room 1224, Everett McKinley Dirksen Office Building, Hon. Warren G. Magnuson [chairman] presiding.

Present: Senators Magnuson and Cotton.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OVERVIEW OF BUDGET REQUEST

STATEMENT OF HON. CASPAR WEINBERGER, SECRETARY

ACCOMPANIED BY:
- **JAMES B. CARDWELL, ASSISTANT SECRETARY, COMPTROLLER**
- **STEPHEN NURZMAN, ASSISTANT SECRETARY, LEGISLATION**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

PREPARED STATEMENT OF CHAIRMAN

Senator MAGNUSON. The subcommittee will come to order.

I have a short statement, Mr. Secretary, that I will put in the record. It involves some policy matters and my thinking on policy matters, vis-a-vis, the thinking expressed by the Department and the administration. I do not want to belabor these points now because we will get into them in detail with the separate items as we move along. Mr. Cardwell gave us a very excellent briefing of the budget yesterday, along with Charlie Miller, so I think you have an idea of some of the items we might want to discuss with you after your statement. They involve things like the phasedown of the regional medical program and hospital construction. There may be some kind of disagreement within the committee itself on these issues.

Here is my statement for the record. Now we can proceed. We will ask questions afterward.

[The statement follows:]

Yesterday, we heard from HEW's Comptroller, Mr. Cardwell, who provided us with a chart presentation on the Department's budget request.

Today, Secretary Weinberger and his staff are with us to present an overview of the HEW budget. He took over for Secretary Richardson, who today, I believe, is the Acting Attorney General. I would like to welcome the new Secretary in his first appearance before the subcommittee. I hope he can give us some insight into what went into this budget, how it was formulated, and what prompted some of the drastic departures that have been proposed here.

But before you begin, Mr. Secretary, I would like to express some very serious concerns that I have felt about this budget you are presenting today. I should add that most of my feelings are echoed in the thousands of letters and telegrams I, and others on this subcommittee, have received since the President formally transmitted his budget to Congress. These letters are not coming from big corporations or special interest groups -- but from the average American citizen who is just now beginning to feel the impact of some of the decisions that were made at the White House. For example, you propose to phase down the Regional Medical Program this year and completely stop it next year. Now for the last few years, more specifically -- since this Administration took office, we have been told that the National RMP program is not working well. I, personally, visited the Washington/Alaska Regional Medical Program and found it to be an excellent program. And there are many other RMP's that are just as successful. But because you have run into some problems, you proposed that Federal support for the entire program be terminated. Where I come from, that's called "Management by Assassination." You just can't slam the brake down on some of these programs overnight. This is just one of a long list of programs you propose to wipe out -- mental health centers, PHS hospitals, research training, educational grants, and hospital construction -- to name a few. It seems to me that in a budget amounting to $268 billion, the staff at the White House (what there remains of it) or the OMB staff could find some room for the growth of programs to help the people of the United States.

On top of this, the American people are told that if the "Credit card" Congress touches one hair of this budget, then taxes will go up -- this is not true. This Congress will not exceed your overall budget. What we are talking about is priorities, and we are determined to have something to say about them. I have been hearing lately that because of some bad decisions, taxes will go up anyway -- but this isn't talked about very much downtown.

I hope you can understand and respect what I have just said. We all have our jobs to do, and we try to do them the best we know how.

1974 BUDGET OVERVIEW

Senator **Magnuson**. You go right ahead with your statement and put in the record that Mr. Cardwell accompanies you, and Charles Miller and Steve Kurzman.

Secretary **Weinberger**. Mr. Chairman and members of the committee, my statement is fairly lengthy. I will try to compress it as much as possible, and I assume and hope you will interrupt with questions if you want to do so during the course of it or afterwards, whichever you prefer.

Senator **Cotton**. Which do you prefer?

Secretary **Weinberger**. It does not matter to me. It is a long statement.

Senator **Cotton**. Well, if you read it through, we will save time, because if we keep interrupting, we will cause additional delay.

Secretary **Weinberger**. We certainly welcome the opportunity to appear before the committee and give a general overview of our 1974 budget request. I might say parenthetically, Mr. Chairman, that this is only the second time I have ever asked anyone for $93 billion, so I am apt to be a little bit inexperienced at it, but we do want to give you all of the general, major decisions and the process that went into the formulation of our budget request.

And an important consideration that pervaded it was the need to try to define more clearly the Federal role in general and the Department's role in particular. The proliferation of Federal domestic programs in recent years has created a good deal of confusion as to what our proper responsibilities as a Federal Government are and what kinds of things are more properly left to individual initiative or action by State and local government.

HEW ROLE

A reassessment of what our job should be is long overdue. The 1974 budget reflects our attempt to redefine the HEW role. Certainly this job is not finished yet, but I think the budget represents some progress towards that goal. The basic concepts and priorities which define the Health, Education, and Welfare Department role as it emerged from the development of the 1974 budget were that first of all, the primary Federal role in the area of human resources is to provide income support to people in need in a manner which fosters individual independence and initiative.

The Federal Government is uniquely qualified to carry out such programs because of its broad taxing powers, and its ability to realize the economies inherent in large-scale operations.

The principal HEW programs provide income support for retired workers and the poor generally, health care financing for the poor and elderly, and general aid to college students. About 85 percent of our budget in 1974 falls into this general category of income support. The largest increases also in the budget from roughly $83 to $93 billion fall in the same general category.

Of particular importance, the major Federal program that we are assuming this year is of course the Federalization of the adult categories of public assistance. We are also extending Medicare to the disabled, and we will fully fund the basic opportunity grants for college students if the budget request is allowed.

Those are the three principal items of increase.

Another major Federal role is to help State and local governments function more effectively, and a long range objective of our administration is to decentralize our decisionmaking to the States and localities as much as possible, and to consolidate the categorical programs into broader and more flexible aid category packages.

The Federal support for research is justified because the relatively high cost and long lead time for producing results of national significance necessarily prevent the private market and States and local governments from investing adequately in these activities, and our budget endeavors to strengthen our research programs within the overall budget constraints.

The principal areas of emphasis here are heart and cancer research and the new education research in the NIE. Preventative health and consumer protection activities also have very significant benefits that can only result from collective Federal action. Traditional public health activities such as the control of epidemics across State lines are properly a concern of the Federal Government, although there is a very large role for the States here.

Federal support for developing human service delivery systems also is justified, although this support should be provided under strict limitations. Our general principle is that these kinds of Federal interventions in the function of social service systems should be clearly time limited, aimed at getting new ideas adopted, and fostering innovation rather than providing operating subsidies. All of our special projects and demonstration programs have been examined to identify those that can continue operations without Federal support or have outlived their usefulness or show little signs of producing useful results, and, we have requested reduced or terminal budget requests accordingly.

The direct provision of services undertaken by the Department, we feel, should be only a matter of last resort. The primary reliance should be placed on private and local service organizations, so we have asked for the transfer of St. Elizabeths Hospital to the District of Columbia and the termination of the in-patient care in the Public Health Service Hospitals.

TRANSFER OF ST. ELIZABETHS HOSPITAL

Senator **Magnuson.** We have had St. Elizabeths in this subcommittee for a long time—yesterday Mr. Cardwell testified that the transfer is now imminent.

Is that correct?

Secretary **Weinberger.** We have been making arrangements with a number of people to provide the care in the hospitals, and have given the required notification to the Congress in those areas that we have identified.

Senator **Magnuson**. And when all this is completed, this appropriation will be in the District of Columbia.

Secretary **Weinberger**. For the St. Elizabeths Hospital; yes, sir. It would be part of the District budget. Some of it will be asked federally.

Senator **Magnuson**. Well, the District Appropriations Committee would have to participate in whatever the Federal participation is decided to be.

Secretary **Weinberger**. That is correct.

Senator **Magnuson**. But we would not have it in the HEW budget.

Secretary **Weinberger**. Yes. And about 4,000 Federal employees will be transferred, or as many as the hospital under District control were added to the District budget.

Now, let us pick up here.

Senator **Magnuson**. On page 4.

MANPOWER SUPPORT PROGRAMS

Secretary **Weinberger**. Our general student aid initiative, which is one of the most important as far as the President is concerned, has made it necessary to reexamine many specialized manpower support programs throughout the Department and our general conclusion is that we should phase out Federal support for a lot of specialized activities and rely on the general manpower market to supply talent in these fields.

One of these, for example, is subsidizing more teacher education when we already have 70,000 excess teachers who are well qualified but are not placed at the moment. The principle exception to this is the need for expanding the supply of doctors and dentists since the high cost and long period of training and difficulties in expending training opportunities make it unlikely that the market will produce the needed supply of trained manpower without special Federal stimulation, and, we proposed to continue that in those areas.

OVERALL BUDGET TOTALS

Overall, the budget request is for $93.8 billion in outlays for the Department's programs in 1974, an increase of $10.2 billion over the current estimate for 1973, an increase of more than 12 percent.

Likewise, the HEW share of the total budget also increases, over 35 percent, more than a third of the total budget in 1974, up 2 percent from 1973. In 1969, the last year before this administration took office, HEW's share of the total budget was 25 percent.

TRUST FUNDS

Senator **Magnuson**. Well, so we get it clear before we ask the questions—and Senator Cotton will probably have questions.

Are you including the trust funds in that percentage of the total budget?

Secretary **Weinberger**. Yes, sir.

Senator **Magnuson**. There are two theories on whether that should be done. Trust funds are receipts coming in. The argument is over whether they are insurance receipts or whether they are taxes. This argument is continually waged.

Secretary **Weinberger**. Yes, sir.

Senator **Magnuson**. But, for the purposes of your budget, you are including the trust funds?

Secretary **Weinberger**. We are indeed. We regard the funds and the programs as an integral part of the budget, and we are including it.

Senator **Magnuson**. Well, it is not a budgetary process. It is mandatory under the law.

Secretary **Weinberger**. Well, it is getting to be a budgetary process, Senator.

Senator **Magnuson**. Well you cannot change it.

Secretary **Weinberger**. No, but some of the increases were not funded in the normal contribution scale last year.

Senator **Magnuson**. But Congress tried to construct the changes that were made in the social security so that the receipts would catch up with the new outlays quite quickly.

Secretary **Weinberger**. Reasonably quickly.

Senator **Magnuson**. Well I understand there is a gap in the time involved.

Secretary **Weinberger**. There is also the possibility or the danger——

Senator **Magnuson**. So it is not a budgetary process at all. It is just how much comes in and the law says how much you have to pay out.

Secretary **Weinberger**. I suggest, Senator, that it is getting to be a budgetary consideration because of the fact that we now have not only a number of proposals, but with the lack of complete coverage and funding last year, we have at least a possibility that the General Fund may be looked to for some of these benefits, not immediately, but that is what I have in mind, that it is getting to be a budget problem.

Senator **Magnuson**. Well, it could. The budget has to anticipate that maybe, but that is not necessarily so.

Secretary **Weinberger**. Well, it is not necessarily so, but the other problem is that under the unified budget concept which we are required to follow under the staute, we do have to include it.

Senator **Magnuson**. But the Treasury is using that money.

Secretary **Weinberger**. Well, I hope so.

Senator **Magnuson**. Well, it is not necessarily all payout. They use it for a lot of purposes, short term bonds, short term financing, and that is paid in by the people under the law. The budget had nothing to do with it as long as the President signed it into law which he has done. Sometimes we wonder whether the trust funds ought to be put on the side, so we could discuss the part of your budget which we have some control over.

Secretary **Weinberger**. We can do both. The reason we do not put it at the side, of course, is that it is part of the unified budget, and we consider it a major part of the budget.

Senator **Magnuson**. OK, just so we know what you are including.

OVERALL BUDGET TOTALS

Secretary **Weinberger**. And that, of course, makes up the major part of the increase of the $10 billion. There is no question about that. This continuing shift of budget priorities from a point where human resources were 34 percent of the budget in 1969, and national defense was 44 percent, this continuing shift continues because now human resources spending is 47 percent of the budget, national defense has declined to just over 30 percent, and the comparison in dollar terms is also dramatic. Human resources expenditures went from $63 billion in 1969 to $125 billion with our current request. Spending on defense is virtually level, the same as in 1969, $81 billion in outlays.

HUMAN RESOURCES SPENDING

Senator **Magnuson**. Well, I think, Mr. Secretary, that the administration, whatever administration, and this committee and Congress can take some credit for the continuing increase in the amount of money we spend for human resources, but those figures would be changed if the trust funds were not considered as part of that.

Secretary **Weinberger**. Yes; they would be. It is hard for me, though, to see how social security can't be considered a human resource expenditure, but I understand the continuing nature of this discussion.

Senator **Magnuson**. Well, it is not part of your bare HEW budget, the part you have control over. That is what I am talking about.

SOCIAL SECURITY EMPLOYMENT FIGURES

Secretary **Weinberger**. Well, it is not all that bare, but it is not part of some of the operations of the Department, but it does occupy the attention of 57,000 of our employees, and it is a pretty big part.

Senator **Magnuson**. I never could get the figure from HEW. Maybe you could get another one for me.

How many people are employed in social security? You have estimated that you will have 116,672 employees overall in fiscal year 1974. You are down a little there from fiscal year 1973. You are up a little in the Office of the Secretary, but you are down in other items. The best figure that Mr. Cardwell and Mr. Miller used to give me is there are 614,000 people in this country employed by HEW. Now, that includes these thousands—not thousands, but hundreds of social security offices.

Secretary **Weinberger**. Our current estimate of that is about 930,000, but it does not include Federal employees. The Social Security Administration in 1972 had the 53,000 I mentioned. The request for 1974 is 69,000, and the reason for that, of course, is H.R. 1 which pulls into the Federal Government the entire adult categories. We are asking something under 15,000 employees for that. The States are using 33,000, and we hope to do it with 15,000 before much longer.

Senator **Magnuson**. Well, there is no objection to the social security adding employees; that is their money. It is a little like the Federal Home Loan Bank Board which Senator Cotton and I have handled many times. They may come up here and ask us to approve an increase in employment or whatever. But they operate under a trust fund made up of contributions by the various banks. We always feel it was their money and if they needed more people to administer the program we felt we ought to agree with them.

Secretary **Weinberger**. I have difficulty with any concept that equates the social security system, which takes funds under the Federal Government's taxing power, with a trust fund from an industry and I just have—I perhaps should not belabor the point, but I do have the feeling that the social security trust fund is part of the revenues of the United States and that its expenditures have come out of the Treasury, and it is property due as the Congress said.

Senator **Magnuson**. Well, I can suggest there have been books written about that on both sides.

Secretary **Weinberger**. Yes, indeed.

All right, we do have 116,000 total employment requested for 1974, and that compares with 119,000 in 1973, so despite the large increase for the federalization of the adult categories, we are on a downhill track.

INCOME MAINTENANCE

The cornerstone of the Department's efforts to strengthen individual security and initiative are, of course, the programs which supply cash assistance to people in need, and our 1974 budget would provide nearly $61.5 billion in various kinds of cash payments, an increase of $6 billion over the current estimates for 1973. Over 65 percent of the budget is for this purpose, and of course, the increase is largely due to social security payments.

AID TO THE AGED

The aid to the aged is by far the largest single component, and that is the social security system and the new Supplemental Security Income, which is the name that is given by the Congress to the federalized program of public assistance for the adult categories: aged, blind and permanently disabled. We estimated that $43.5 billion will be spent in the form of monthly benefits checks to the aged in 1974, an increase of $4.9 billion over 1973, and I might interpolate, Mr. Chairman, that it involves sending out checks to something like 6 million additional people which is, I suppose, one of the largest civilian tasks the Federal Government has ever attempted to do in this time period, and obviously it is one to which we are devoting all of our resources that we possibly can, because we regard it as the highest priority.

Senator **Magnuson**. Do you mean the Supplemental Security Income?

Secretary **Weinberger**. The whole H.R. 1 requirement that we take over the audit categories and add to that medicare for the disabled.

Senator **Magnuson**. Well, we talked considerably about that yesterday. Anybody can appreciate that the administration of a Supplemental Security Income is a big job, a huge job. How well you determine eligibility depends on what your backlog of information is on your population and how you set your standards and how you reach those people. That is not done overnight.

Secretary **Weinberger**. Two or three jobs at once, Mr. Chairman, as you know, because we are also trying to cleanse the rolls from the States and at the same time put in our quality control provisions, and make provisions for this big new increase in medicare, so all together it is an enormous task and one that we hope to accomplish with less than half the number of people now employed on it in the States.

But it is going to be the biggest job certainly our Department, and I would venture that on the civilian side, the Federal Government had to ever undertake in this time period.

Senator **Cotton**. Now, how are these people presently involved? They have not and are not on the social security rolls.

Secretary **Weinberger**. There will be 6 million new people; yes, sir.

Senator **Cotton**. They were people who were not eligible for social security and have been on welfare?

Secretary **Weinberger**. Some of the aged could also be receiving social security.

The last Congress also authorized a 20-percent across-the-board increase and other liberalizations in social security benefits, and 1974 will be the first year in which these new provisions will be fully effective.

Second, as I mentioned, the federalization of the adult categories become effective January 1, 1974, and spending for that program, new spending will be $1 billion increase, of which $650 million will be for the aged. This results both in the replacement of Federal funds for the State matching payments under the old program, and from the expansion of the beneficiary rolls under the new national eligibility criteria; 2.6 million aged people will be added to the beneficiary rolls alone by this program.

On the aid to the disabled, we are estimating——

Senator **Magnuson**. Some of these people are already on the rolls.

Secretary **Weinberger**. Some are on the rolls in the public assistance program.

Senator **Magnuson**. Yes; but you estimate there will be 2.6 million more that are not now covered.

Secretary **Weinberger**. Of the eligible, newly eligible in the aged category.

Senator **Magnuson**. All right.

AID TO THE DISABLED

Secretary **Weinberger**. Our estimated cash payments to the disabled and their dependents will reach $7.7 billion in 1974, approximately $1.1 billion more than the current estimates for 1973. This increase is also the result of several factors. The number of beneficiaries is expected to increase by 700,000, of which about 200,000 come from the federalizing of the public assistance programs for the blind and permanently and totally disabled.

Further, people receiving disability insurance payments also benefited from the overall increase in social security benefits enacted last year.

BLACK LUNG BENEFITS

Then we have the new black lung program, the 1974 estimates for payments to coal miners suffering from black lung and other respiratory disorders is estimated at just under $1 billion, a decrease of $530 million from 1973 because the 1973 amount included a lot of retroactive claims, about $660 million.

Senator **Magnuson**. You are talking now about purely——

Secretary **Weinberger**. The first full year.

Senator **Magnuson**. Fiscal 1974.

Secretary **Weinberger**. It's the first full year that would not be distorted by retroactive claims.

Senator **Magnuson**. Now you say there is a decrease in that amount from fiscal year 1973.

Secretary **Weinberger**. In 1974 we are asking $945 million, which is a decrease of a half billion dollars from the 1973 estimate, and the decrease results from the fact that the 1973 amount included $660 million for retroactive claims, which is a one time shot.

Mr. **Cardwell**. Mr. Chairman, for the record, the original first year amount was $596 million in 1972.

Secretary **Weinberger**. All right.

AID TO FAMILIES WITH DEPENDENT CHILDREN

Partially offsetting that drop in retroactive claims is an increase of 27,000 in the number of expected new claims. On the AFDC program, the 1974 budget projects one of the smallest increases in Federal matching payments for aid to families with dependent children in the entire history of this program.

We are estimating that the Federal matching payment will be $4 billion in 1974, which is an increase of only $97 million, or less than 2 percent.

The slowdown in the increase of the Federal AFDC is partially the result of a series of management initiatives which we began in 1972. The primary purpose of these efforts is to reduce over-payments in the number of ineligibles, and the new quality control regulations we announced 2 weeks ago should take us further along this road.

I look forward to the day when the number of Aid to Families with Dependent Children actually decreases, and I hope that can be soon.

Our efforts to improve quality control in public assistance culminated in those new regulations. They were published a month ago, April 4. The new regulations require that the States reduce the error rate of ineligibility and overpayments on a graduated scale, to a maximum of 3 percent and 5 percent respectively by July 1, 1975. These are interim goals reached in a three-step process and our ultimate objective is of course to eliminate completely any errors from the system.

Failure to meet the interim goals will mean a loss of Federal funds for the States, and we believe that there is general acceptance now of the procedures that we have, and of the phasing in of those procedures as opposed to the first draft of the regulations which caused some panic, and I might say justly so because they required the elimination of people from the rolls when we were still maintaining procedures that prevented the removal of people from their rolls within the times that we gave them. So we changed those regulations and the new set that was published April 4 seems to have met fairly general approval from the Governors and the State welfare agencies.

Our hope is that the stimulus to reduce errors in these regulations will make it unnecessary to withhold any Federal funds, but we are prepared to do that should that be necessary.

Senator **Magnuson**. Well, part of the problem—and I hope you can work this out on this program—was the interpretation of what the law was, and what you can do, and what money you had in different parts of the country.

Secretary WEINBERGER. Right.

Senator MAGNUSON. What might be done in New York City, would not be done let's say, in Seattle.

Secretary WEINBERGER. That is exactly right.

Senator MAGNUSON. I think that was partially the fault of HEW because they did not seem to have uniform regulations.

So, what you are saying now is the States must determine the people who are not eligible.

Secretary WEINBERGER. We want to remove payments to ineligibles and overpayments. We find no one who can justify, Senator, the payment of public money to people who are ineligible to receive it. It is just as simple as that. And what we are trying to do is eliminate that, and we are on a graduated——

Senator MAGNUSON. Let me tell you, there was a big fuss in that program all over the country when the new regulations were announced.

Secretary WEINBERGER. There is no question about that, but we think that the path we are on now will get out a great bulk of the errors by January 1, 1975, and we will continue, of course, thereafter to get it down to zero, and we do have cooperation and support from a great many of the States, because it is equally to their interest to do it, too.

In addition to regulatory changes, we are trying to simplify the AFDC program and State management requirements with this balanced approach, reduce program complexity and encourage State action and development of improved administrative procedures. Our encouragement of that through waivers and other things we believe will lead to significant reductions in the areas which are damaging the integrity of this program in the eyes of the public.

OVERALL FUNDING FOR HEALTH PROGRAMS

On the health programs, the overall funding for health programs, our spending has been increasing rapidly in recent years. We have asked for $22.3 billion, in 1974, which is about $84 million more than our current estimates for 1973, nearly double the amount spent in 1969.

The principal factor in this increase is, of course, the rising health benefit payments in medicare and medicaid, but many other aspects of the health programs have also been increased, significantly. Biomedical research, health manpower training, mental health programs, food and drug safety are the principal areas of expansion since 1969. In the area of health care financing, the estimated outlays for medicare and medicaid will reach $17.5 billion in 1974, an increase of $3.1 billion over the current estimates for 1973.

The increase is the result of several factors. The total number of eligibles to receive medicare will expand by 2.1 million. That is the group I mentioned a moment ago—principally as a result of the fact that long term social security and railroad disability beneficiaries become eligible for medicare in July of this year.

The medicaid population will expand by 3.7 million, the significant factor being the addition of 1.6 million aged, blinded, disabled to the rolls because of the federalization of adult public assistance categories.

HEALTH CARE FINANCING

The continuing escalation of medical costs is not only a factor in health financing estimates, but a source of continuing worry to the administration. The rate of increase in medical prices is much lower than it was 2 years ago, but the very high cost of medical care points out the need for continued efforts to control utilization so that unnecessary services are not provided. Work has begun to set up the network of Professional Standards Review Organization required by the social security amendments last year.

We have $33 million to finance that effort in our budget for 1974. We have a director of the office in place, and we are moving rapidly toward putting this PSRO operation into effect, and we think it has great hopes for the future.

We are also trying to develop a more vigorous approach to utilization review which will require preadmission certification for elective hospitalization and surgery. The many State programs which have experienced with this, most notably Medi-Cal in California, suggest substantial reductions in unnecessary utilization may well be achieved by this method.

Senator MAGNUSON. Do you have the standards on that program ready or published now?

PROFESSIONAL STANDARDS REVIEW ORGANIZATION

Secretary WEINBERGER. The PSRO organization operates, Senator, with over 200 local groups of health care providers, physicians and others; and, in each of the different areas in which they will be set up, they will apply the criteria most appropriate to that area. There will not be a national rule board saying that an appendicitis operation should cost so much, but there will be standards that will enable us to refer to local practices and say that there has in this particular situation been an overutilization. You are charging too much. You did not need that particular kind of thing, and, therefore, ultimately we may not reimburse it; and that is what we have to come to, I am convinced, if we are going to get hold of this tremendously rapid increase in all health care costs. I think we fostered a lot of it by the medicaid, medicare programs we have had in the past.

Senator MAGNUSON. Then what you are saying is that they will be run by the local people, by the States themselves.

Secretary WEINBERGER. By the local doctors within the States, yes, sir, that is right.

INCREASE IN HEALTH COSTS

Senator COTTON. Would you expand just very briefly on your statement that you think that you fostered this increase in the past?

Secretary WEINBERGER. Yes.

We have had a system, Senator, which first of all guarantees the payment no matter what the charge, guarantees the payment of all bills submitted for a very large segment of the population—and incidentally, a segment of the population for which a lot of medical service was provided almost without charge by the professions before 1965. We guaranteed payment for any amounts submitted.

We also have a system which has encouraged the use of hospitalization. The easiest thing to do under the present system, and most health care providers, doctors and others, say well, why do you not go to the hospital. It is all free after the first day, and we will see what is the matter with you.

Senator COTTON. And under medicare you cannot take care of them in a nursing home or at home until you have had them in the hospital?

Secretary WEINBERGER. Yes, we have forced it, and that, I think, by pushing in this enormous extra demand in guaranteed payment, has pushed the cost up just as would be expected by any logical application of increased demand. It has pushed the price way up, of course.

Now I think we have to look at the necessity for the service, the appropriateness and validity of the charge, and in some cases, we will have to say, we are not going to reimburse that. It is too much and it was not necessary, and that is what I think the PSRO organization can start.

There is a lot of support for this among the medical profession. You have some doctors, and fortunately, very few, who are reporting $200,000 and $300,000 a year incomes entirely out of medicare. The medical profession necessarily has to be worried about the public reaction to this. When you see six and seven house calls in 1 day on a particular patient, why, it not only gives you a little question, it makes you feel a little envious for those who cannot get one house call. It is time to look at this thing, and we are doing that, and, I think the profession supports it.

Senator COTTON. Just one more thing.

You are confronting two great difficulties in your project. One is the time-honored situation that we have always faced that once you give something to somebody, it is awfully difficult to take it back or limit it.

And the other is, you will have to call out the National Guard in order to get enough people to this screening.

Secretary WEINBERGER. I do not think we will have to be worried about the latter. As I said, the medical profession seems to be supporting it, and we are contemplating something in the neighborhood of 200 of these organizations which will be made up of doctors and health care providers, and they will sit in a voluntary capacity. There will be general Government guidelines which we are working on now, and we would very much hope that their own interest in strengthening and maintaining public confidence in their professions would lead them to serve on these boards as these PSRO, peer review groups or whatever, and we have had some that are already in place on a pilot basis, and some have been started long before the Government got interested, which are working very well.

And I do think that quite a lot can be done. In this medical program which I spoke of in California, they have managed to reduce medical hospital utilization by over 16 percent in a 9-month period simply because they are looking much more carefully at the question of, was this trip really necessary. And that, I think, is an essential thing when you look at the overutilization and the enormous increase in costs.

The hospital costs now on the average are $106 a day, and it was just a very short time ago—it was about 5 years ago, or about 2 years ago—

that we were saying in less than 10 years hospital costs may be over $100 and now they are over $106, within 2 years of that prediction.

Senator COTTON. Can you do it by regulation or do you require legislation?

CHANGES IN MEDICARE AND MEDICAID LEGISLATION

Secretary WEINBERGER. The changes that we have requested in medicare utilization will require legislation, and they are before the Congress.

Senator COTTON. Thank you.

Senator MAGNUSON. Well, I think you have got a problem that has got to be straightened out. I was pleased to read in the Congressional Record about a system discussed in New Mexico. They have a program of voluntary professional service reviews which is a model for the whole Nation.

But I want the record to show that the Congress intended that this review organization not only be of medical people alone——

Secretary WEINBERGER. That is correct.

Senator MAGNUSON. You cannot have too many foxes in the henhouse and get anything done. So you will have some outside opinion, but it will be a professional opinion.

Secretary WEINBERGER. Yes.

Senator MAGNUSON. In the nature of professional opinion.

Secretary WEINBERGER. Mr. Cardwell reminds me that this has not really reached the Congress, but it is in the final drafting stages.

Senator MAGNUSON. Well, it is our intention that the review will be conducted with some objectivity, and not only by the medical profession itself, though I agree with you, many of them would like to have this cleaned up, a big majority of them.

Secretary WEINBERGER. Oh, I am sure, because they have got to keep public confidence in their profession, but the guidelines we are working on will follow that general intention.

Senator MAGNUSON. Now, on medicare, as I understand it, the administration has proposed a switch in the program as to the amount of days you can stay in the hospital——

Secretary WEINBERGER. That is correct.

It is not a limitation on the amount of days, Senator, but it is a change in the cost-sharing payments required.

Senator MAGNUSON. Under the present system you pay the first—what is it?

Secretary WEINBERGER. The first day you pay. You pay the first day's cost and nothing for 60 days thereafter.

Senator MAGNUSON. Now, tell us what the shift is in the administration policy.

Secretary WEINBERGER. The administration is proposing that you would pay the first 30 days. No—here it is. The initial deductible would be equal to the first day's stay, and the beneficiary would pay 10 percent of all of the hospital charges over and above that first deductible through 60 days, following which it would drop, the theory being that the first days are the ones where the overultilization is apt to exist, and that if there is a cost-sharing required during that period, there is less likely to be overutilization.

The other part of that theory is that for long periods of hospitalization, more than 60 days, you are, at that point you are most in need of help.

Senator **Magnuson**. There has been some pretty strong argument on this. What we want to pursue, based upon what people have said who know about it is whether under the administration proposal people are going to have to pay more, whether it is going to cost them more.

Now, we want to go into that in some detail. That has been the argument and the criticism up and down the country since this proposal was made, that it is going to cost more for the patient under the suggested new system versus the old system.

Secretary **Weinberger**. Yes, we will have the facts on that when the legislation comes up very shortly. Let me just outline briefly what we have been talking about.

Senator **Magnuson**. You will have to do some convincing.

Secretary **Weinberger**. We are not saying that that is not the case, but what we are saying is that in many situations you will find, if this cost-sharing provision is put in, that doctors and others are now saying, well, since this is going to cost something, we find we really do not need the hospital, and therefore there would be a different kind of care, a much less expensive kind of care, and that overall you are apt to have a situation where there is very little net increase to the patient. A large part of that net increase is covered by private insurance in many cases, and of course we also have——

Senator **Magnuson**. Well, we will go into that, too. The insurance companies get together and decide patients cannot have this and cannot have that and they cut off payments at certain points, even though the doctor advises a few more days' treatment is needed. It appears to me that that is prevalent all over. And I think as it is now the administration proposal will cost the patient more than the old system.

OVERUTILIZATION OF HOSPITALS

Secretary **Weinberger**. If the utilization were the same as at present, I would agree with you, Senator. What we are hoping is to discourage the overutilization and, when we phrase it that way, a lot of people say well, you are trying to make your budget savings out of the hides of the old people, and so on, and what we are saying actually is not that at all. What we are saying is that the hospital utilization and overutilization at the moment is the fault of the health care provider.

You and I do not just walk into a hospital. We have to get sent there, and we are trying to discourage the people who send people to the hospital from overutilizing hospitals.

Senator **Magnuson**. Well, I would think 99 percent of the people want to get out of there as fast as they can. I have never seen anybody in the hospital who does not ask the doctor every day, when they could go home.

Secretary **Weinberger**. Right. And they do not want to be there in the first place.

Senator COTTON. But old people do want to have somebody they can unburden themselves to and ask about their symptoms.

Now, on that point, are you still working on the feasibility of some kind of some lesser remuneration for the MEDEX personnel, the physicians' assistants?

What is going on there?

PROFESSIONAL SERVICES

Secretary WEINBERGER. Well, we have actually Senator—that was the next point I was coming to, the National Health Insurance proposal that we are going to submit to the Congress and we are in addition to that recommending, as you know, modification of the current health financing, but we are looking at part of that national health initiative, the possibility of having less expensive care, less than full professional care where indicated medically as appropriate, so that we can provide some of the things that you were talking about, not just to elderly people, but certainly to them.

And we are very anxious to remove these incentives for overutilization of the hospitals that we believe have been built into the system in the past.

Senator COTTON. I get a lot of letters from chiropractors, a lot of letters from Christian Scientists.

How are you dealing with the situation of what other than M.D.s are going to be recognized?

CHIROPRACTIC AND OSTEOPATHIC SERVICES

Secretary WEINBERGER. My memory is that chiropractic services have been approved under the current regulations.

Senator MAGNUSON. And osteopaths?

Secretary WEINBERGER. And osteopaths and Christian Science practitioners many years ago.

Senator COTTON. Well, you are continuing them?

Secretary WEINBERGER. Yes.

Senator MAGNUSON. We ought to get the record clear.

If the patient wants to have an osteopath as part of the treatment, they have to ask for one.

Is that correct?

Well, put that in the record. There is a lot of confusion about that.

Secretary WEINBERGER. There is, Senator, but we did recently authorize chiropractic services, and there are certain limitations around the others and we will have a summary at this point in the record.

[The information follows:]

Coverage Under Medicare of Christian Scientists, Osteopaths and Chiropractors

The services of Osteopaths are covered by Medicare in exactly the same way as services rendered by a "doctor of medicine." The law makes no essential distinction between the two types of practioners.

The 1972 Amendments to the Social Security Act (Public Law 92-603, Sec. 273) provides limited Medicare coverage of chiropractor services. The law provides that Medicare coverage extends to "a chiropractor who is licensed as such by the State..., and who meets uniform minimum standards promulgated by the Secretary... and only with respect to treatment by means of manual manipulation of the spine (to correct a subluxation demonstrated by x-ray to exist) which he is legally authorized to perform by the State or jurisdiction in which such treatment is provided."

Medicare has two (2) parts, Hospital and Medical Insurance. The purpose of both parts of the Medicare program is to protect the aged against the costs of medical diagnosis and treatment of illness or injury. Since Christian Science as a healing system excludes medication and surgery and cannot be equated with the medical approach to treatment of illness or injury, Christian Science practitioners do not provide the medical and other health services covered under Medicare's voluntary part B program. However, Christian Science sanatoriums are eligible to participate under the Hospital Insurance part of the program as hospitals or extended care facilities, and a beneficiary who is a Christian Scientist has the option of treating his stay in a sanatorium as either a hospital stay or an extended care facility stay. In either case, Medicare will reimburse the sanatorium only for the cost of furnishing items and services comparable to those for which payment could be made if the individual had been an inpatient of a medical hospital--room and board, nursing and related services, and certain other services, supplies, and equipment.

Thus, Medicare covers Christian Science care to the fullest extent possible under a health insurance program designed to protect beneficiaries against the cost of medical diagnosis and treatment of illness or injury provided under physician supervision. The basic difficulty inherent in a proposal to expand such coverage to include the services of Christian Science practitioners is that the exclusive reliance by such practitioners on spiritual means for healing precludes any accommodation with a system which covers medical care such as Medicare.

ADMINISTRATION OF PROGRAM

Senator MAGNUSON. Well, Congress gets a lot of mail saying maybe the program is all right, but that there seems to be a lot of confusion as to how to administer it.

There has been a problem for patients who want an osteopath or chiropractor to treat them, for example. I think probably the resistance comes from some people within the professions themselves. There is a constant discussion between chiropractors and osteopaths and doctors about what they do for you.

I think we ought to clear that up for the record.

Senator COTTON. That project you mentioned a few minutes ago is very laudable to have with regard to fixed fees and checking excesses. However, if a bunch of M.D.'s are going to pass on the values of chiropractice attention, Christian Science healers, I can foresee what might happen there.

Secretary WEINBERGER. The review organizations will be primarily provider based.

Senator COTTON. In other words, you are going to have laymen as well as doctors on those boards?

Secretary WEINBERGER. Well, my understanding is they are going to comply with the intention of the Congress and have provider-based—doctors, osteopaths and the like participation—in these PSRO's. That is the way they have worked successfully I believe, as you mentioned, in New Mexico and a couple of the other States.

PARAPROFESSIONALS

Mr. CARDWELL. Well, Senator, you asked a moment ago about physicians' assistants and paraprofessionals. There is $8 million in the budget for the physician assistants program. It is the same program we described to you before.

Senator MAGNUSON. That is $8 million?

Mr. CARDWELL. Yes.

Senator COTTON. For the whole country?

Mr. CARDWELL. Yes.

There is a lot more being spent on that in pilot programs. In fact, paraprofessional programs in community colleges are going to be one of the fastest growing segments of them.

Senator MAGNUSON. We will go into that problem later.

Senator COTTON. Well, the way it works now is that most of these medics are attached to clinics or to groups of doctors, and the doctors make use of them, and while I suppose your new boards will take care of that, they turn around and charge a full rate.

Mr. CARDWELL. The community college movement has really done a lot to promote the training of paraprofessionals.

Senator MAGNUSON. Have you asked for funds for training dentists too?

Mr. CARDWELL. Yes.

Senator MAGNUSON. All right. Go ahead.

Secretary WEINBERGER. The proposal, therefore, as I said, is that the law be revised to require uniform 10 percent rate of cost sharing after the first day based on the charges for actual service used.

Biomedical research. The budget for biomedical research——

Senator **Magnuson**. What page are you on now?

Secretary **Weinberger**. Page 12.

DENTAL SERVICES

If you want me to go into the dental, I will do that.

Senator **Magnuson**. You are going to terminate funds for dental service under medicaid according to this.

Secretary **Weinberger**. The proposal to terminate Federal matching for adult dental services under medicaid is an effort to target Federal resources on the highest priority needs. In this instance, we believe the dental needs of children are clearly more critical than those of adults. The early childhood screening regulations places a high priority on the identification and correction of dental problems, especially those which have potentially long term effects.

This proposal would not affect the Federal matching for emergency dental services to adults.

Senator **Magnuson**. Well——

Secretary **Weinberger**. This is a medicaid proposal.

Senator **Magnuson**. Well, you mentioned the dental needs of children but you are phasing the program out.

Secretary **Weinberger**. No, sir.

What we are suggesting is we terminate the Federal matching for adult dental services under medicaid and that is an effort to target the dollars that we are spending——

Senator **Magnuson**. Except for emergencies.

Secretary **Weinberger**. Right.

Senator **Magnuson**. What have you got in for children?

Secretary **Weinberger**. Well, we will serve 1,220,000 children.

Senator **Magnuson**. One million children from the whole country.

Secretary **Weinberger**. And $48 million.

Mr. **Cardwell**. These are AFDC children.

Mr. **Miller**. And we meet the need. The budget is an estimate of the need.

Secretary **Weinberger**. Whatever the amount certified by the States as required will be paid.

Senator **Magnuson**. I was just comparing it with last year.

Secretary **Weinberger**. I do not have last year's figures, but we can get them very quickly. But the budget request is like a budget estimate. If the vouchers and certificates come in that the children's dental needs under medicaid, the AFDC children, are $2 million, we will pay it. It is whatever they say.

Senator **Magnuson**. I was talking about the training program. That is what I was talking about.

Secretary **Weinberger**. Well, the training program, we are coming to that. That is in a different area. We are recommending that we remove the Federal capitation for training of dentists.

Senator **Magnuson**. This is what I was talking about.

Secretary **Weinberger**. Dentists, physicians, and osteopaths we are continuing. We are continuing the capitation Federal programs for training of doctors, dentists, and osteopaths. We are recommending termination of veterinarians, pharmacists, and podiatrists.

Senator COTTON. And nurses

Secretary WEINBERGER. And nurses, right.

DENTAL HEALTH FOR CHILDREN

Senator MAGNUSON. I have authored a bill, the Children's Dental Health Act, which I got passed 88 to 1 in the Senate, which is aimed at solving the incredible dental health situation of our Nation's children. Fifty percent of the children in the United States under 12 years of age have never even seen a dentist's chair. Think what preventive good you could do if you reached these children.

Secretary WEINBERGER. We are reaching a lot of that through neighborhood health clinics and——

Senator MAGNUSON. Yes, but you are cutting those down, too.

Secretary WEINBERGER. No.

Senator MAGNUSON. Well, you are not adding to them. You are standing still.

Mr. CARDWELL. One recent change was made when we introduced the requirement of public assistance for diagnostic screening of children, we made it a mandatory requirement that if that screening showed a need for dental care, the State had to provide it.

Senator MAGNUSON. Well, what I am trying to say is that the emphasis has been all along only on emergency care. Older people can perhaps get dental care under several programs, but we are not doing anything about preventive care. The cost is so little when compared to the cost of treatment later. We are part of the generation that did not have the proper dental care when we were young.

Mr. CARDWELL. We are among the very poor.

Senator COTTON. Well, in my part of the country, a school nurse comes in and examines children's teeth in school, and then they send a note home to the parents that they must take their child to a dentist. Oftentimes they do not get to a dentist either because the parents might be on the borderline. They are not eligible to go to a dentist without paying for it, so they put it off.

Secretary WEINBERGER. Well, we think that a lot of the parents who are not able to do it will be helped by the medicaid program, and we also think the neighborhood health centers and clinics will be able to take care of a certain amount, and some of the Head Start programs get into that kind of screening also, even prior to school.

Senator COTTON. But you are cutting. You are going on the basis that the older people on medicare do not need that.

Secretary WEINBERGER. That is the recommended shift.

Senator COTTON. No dental assistance.

Senator MAGNUSON. However, I think moving into preventive dentistry is an important step. You are going to get the biggest dividends for the future generations if you can reach our young people before the trouble starts.

Secretary WEINBERGER. This is one of the things we are looking at in the national health insurance proposal that we are developing.

BIOMEDICAL RESEARCH

All right, on biomedical research, the budget for biomedical research activities for the National Institutes of Health will reach $1.5 billion in 1974, which is an increase of about $50 million over our current estimate for 1973. The major priorities here are cancer and heart research, and the amount for cancer research will reach $500 million, 34 percent higher than it was in 1972.

A full range of cancer research activities have been expanded, including causation, detection, and diagnosis, as well as prevention, and improved methods of treating cancer.

The expanded heart disease research will concentrate on arteriosclerosis, the major cause of heart attacks, and on hypertension. Significant emphasis will also be placed on blood diseases and diseases of the lung.

There are reductions in other areas of NIH activities, but they result primarily from our decision to curtail general research support grants and phase out specialized programs to train researchers. The general research grant program provides untargeted research funds through institutions to strengthen their biomedical research capacity. In our view, direct research activities have a higher priority.

Senator **Magnuson**. All right.

Just two quick questions. We will go into this in more detail later.

You have cut out of the budget, or suggested they be cut out, all scholarships and fellowships at NIH.

Is that correct?

Mr. **Miller**. No, sir.

Senator **Magnuson**. Well, tell us what you have done.

Secretary **Weinberger**. What we have done, Senator, is to recommend and request that the funds for the training of new people in research itself be terminated. We have requested $126 million to continue the fellowships and training grants to students who are now receiving them.

Senator **Magnuson**. Well, does that not have the effect of knocking out scholarships and fellowships?

It surely does in-house.

RESEARCH TRAINING GRANTS

Secretary **Weinberger**. Eventually, yes. We are not proposing to make any new awards. But, we are still giving scholarships and fellowships and research training grants for the students who are already in school. We have requested, recommended that funds for the purpose of training researchers be phased out, and the reason for that is twofold.

First of all, the money was not going into research training completely. It was going into overhead and salaries of the medical schools and public health schools to a considerable extent, which is not in any sense illegal, but it was not getting the focus that we hoped to get; and, it was also the belief of the administration, and still is, that there is a sufficient demand and interest in having research scientists, trained research scientists, so that they would be able to get this kind of training and find positions without specific Government encouragement and subsidy. This is very similar to the course we took 2 years ago when we recommended that the psychiatric training Federal subsidy be ended on the theory that the market factors were such that we would get these people that we needed without the Federal subsidy.

HEALTH MANPOWER TRAINING

Senator MAGNUSON. Well, that is a fine theory, but we are not making any progress. We are still as many doctors and dentists and research people short as we were 2, 3, 4 years ago.

Secretary WEINBERGER. That is a different program, Senator, and we are recommending continuation of funding for training of doctors and dentists as I mentioned a moment ago. We are continuing the capitation requests for that in those areas.

Senator MAGNUSON. But just continuing the program is not working. We are still marking time. We are still—everybody uses the figure 50,000 doctors short. I do not know how many dentists we are short. Probably more, because if you miss your appointment, they tell you to come back 2 months later. We are trying to get at the dental assistants program, too.

All Secretaries of HEW that have appeared before us tell us they are going to try and solve this shortage problem, and we have had many come up here and tell us this.

Secretary WEINBERGER. Yes; the tenure is very short.

[General laughter.]

Senator MAGNUSON. I think we have got to zero in on this and if the money goes to a research person, I don't see anything wrong with that. They furnish a lot of care and services. They make a contribution.

Now, when you make a grant to an institution or for a specific program, then it all gets folded in with the grants that pay their salaries.

Mr. Secretary, it is a lot like in the old days when I sponsored—I think Senator Cotton did, too, with me—the National Science Foundation. We had an awful time convincing Members of Congress that we should have some money for basic research.

Secretary WEINBERGER. Well, we have plenty for basic research.

Senator MAGNUSON. But you cannot on June 30 end a program on basic research and say you have accomplished your goal. You don't know if they would find breakthrough in August.

Secretary WEINBERGER. Well, we agree with that, and there is basic research funds in here, even though we are not after a specific objective.

Senator MAGNUSON. Well, you are pretty short on them, the way I look at it.

AID TO MEDICAL SCHOOLS

Senator COTTON. Regardless of the scholarships or fellowships, by and large in this budget are you reducing the various forms of aid to medical schools?

Secretary WEINBERGER. I would have to go back and get the figures. It would be difficult to say overall what the total figures are. We will do our best to get them for you.

[The information follows:]

TABLE 1

DHEW Obligations to Health Professional Schools,[a] by Type of Activity 1969-1974

(in millions)

Type of Activity	1969	1970	1971	1972	1973 est.[b]	1974 est.[b]
Total	$940.5	$1,018.4	$1,104.9	$1,336.6	$1,355.2	$1,117.0
Research and Development Grants and Contracts	390.3	367.0	420.9	572.2	598.3	616.7
General Research Support	34.6	32.8	32.0	30.9	12.0	7.1
Training and Fellowships	185.1	237.1	218.5	240.2	196.7	137.4
Institutional Support	93.4	128.1	158.9	319.8	260.0	216.7
Formula/capitation grants	50.9	60.7	61.3	192.1	174.6	152.5
Special Project Grants	42.5	67.4	97.6	90.7	58.1	43.1
Other[c]	--	--	--	37.0	27.3	21.1
Health Services and Child Development	14.1	17.0	28.1	36.5	64.2	20.0[d]
Construction[e]	140.8	145.2	127.7	31.7	172.5	5.2
Scholarships	17.8	26.3	32.5	35.0	35.0	43.5
Other	64.4	64.9	86.3[f]	70.3	16.5	70.5

Source: U.S. Department of Health, Education and Welfare, National Institutes of Health, Office of Resources Analysis.

a/ Includes Schools of Medicine, Osteopathy, Dentistry, Veterinary Medicine, Optometry, Podiatry, Pharmacy, Nursing, Public Health, and Allied Health.

b/ Estimated amounts are based on a preliminary distribution of the President's 1974 Budget. These include allocations for NIH and HSMHA, accounting for 88% of the DHEW total to health professions schools. Data from other agencies of HEW are not currently available.

c/ Includes funds for start-up and conversion grants and financial distress grants.

d/ Decline in 1974 reflects legislative shift in maternal and child care project grants awarded to these schools to formula grants which will be awarded directly to the states.

e/ Includes R+D plant, teaching, and related facilities

f/ Includes office of Education obligations which should probably have been allocated to training and fellowships.

TABLE 2

DHEW Obligations to Health Professional Schools, by Agency, 1969-1974

(in millions)

DHEW Agencies	1969	1970	1971	1972	1973 est.[b]	1974 est.[b]
DHEW[a] total	$940.5	$1,018.4	$1,104.9	$1,336.6	$1,355.2	$1,117.0
National Institutes of Health, total	420.1	402.2	527.3	680.1	670.6	675.5
Bureau of Health Manpower Education	309.7	399.8	358.0	444.7	492.6	277.6
Health Services and Mental Health Administration	162.1	185.6	196.6	193.5	192.0	162.1
National Institute of Mental Health	74.0	77.8	80.1	90.0	80.4	79.2
Regional Medical Programs Service	53.2	45.6	43.1	26.9	13.0	--
All other HSMHA	34.9	62.2	73.4	76.6	98.6	82.9
All other DHEW	48.5	30.8	23.0	18.3	n.a.	n.a.

Source: U.S. Department of Health, Education, and Welfare, National Institutes of Health, Office of Resources Analysis.

a/Includes schools of Medicine, Osteopathy, Dentistry, Veterinary Medicine, Optometry, Podiatry, Pharmacy, Nursing, Public Health and Allied Health.

b/Estimated amounts are based on a preliminary distribution of the President's 1974 Budget. These include allocations for NIH and HSMHA, accounting for 98% of the DHEW total to health professions schools. Data from other agencies of HEW are not currently available.

The largest portion of DHEW support is directed toward medical and osteopathic schools. Their share of the total has ranged from 74 percent to 85 percent as shown in the following table.

Year	Total Obligations	Obligations to Medical and Osteopathic Schools	
	Amount (millions)	Amount (millions)	Percent
1969	$ 940.5	$ 774.4	82%
1970	1,018.4	791.3	78
1971	1,104.9	868.4	79
1972	1,336.6	993.4	74
1973 est.	1,355.2	1,067.9	79
1974 est.	1,117.0	947.7	85

CAPITATION GRANTS TO MEDICAL SCHOOLS

Senator **Cotton**. Well, for a long time this subcommittee tried to reduce the time it takes to train a physician. We did not press this much because the doctors were so obstinate. They said they would not lower their standards and continued to require 4 years academic, then 3 years medical school, followed by so many years in internship and residency. A few years ago they began to be reasonable and began to cut off at both ends—taking 1 year off the academic preparation and reducing the internship period. We more or less committed ourselves—I thought we did—to maintaining the Federal aid in some form, whether it was in the form of aid to students, or to schools, or in some other forms.

Secretary **Weinberger**. Well, the medical schools do get capitation grants.

Mr. **Cardwell**. Yes. I was going to say, I think you will find——

Senator **Magnuson**. Well, first, I want to go into the details of capitation grants to medical schools: are these grants effective in meeting the needs, or are we way behind? Is there enough money in this program? Second, there is a great deal of criticism on the fact that research training grants to train researchers is out.

Secretary **Weinberger**. That is the one I was speaking of about a minute ago, yes, sir.

Senator **Magnuson**. Well, if you are going to start someplace, you have got to train researchers to do research.

Mr. **Cardwell**. Well, the argument here is that the number of researchers will not ultimately be diminished, that the private market will produce it, the manpower.

Senator **Magnuson**. Well, you say not diminished, but they ought to be increased. If they are not diminished, if they stay the same, we are not catching up with this medical problem at all in the delivery of health manpower which we will go into. We are not catching up. We are standing still, and when we talk about amounts of money, what we are talking about is relatively small for the dividends it pays.

We try to be reasonable on it, but you are not saving anything in the long run.

Now, we have got one thing I want to go into, a matter which happens to be a little bit personal to me. We agreed to go on with the cancer program, almost a crash program, and I am pleased with that. It is personal to me. I established the Cancer Institute in 1938. That is how long I have been here on this business.

Now, by the same token, you cut construction funds 25 percent, one of the programs being affected being the Hutchinson Cancer Center that is in Washington State.

Now, how can we say we are going to have a crash program for cancer but then cut out funds for construction so the centers and institutes can't proceed?

Secretary **Weinberger**. Mr. Cardwell, Senator, is prepared on that specific budget proposal.

Senator **Magnuson**. Well, we have got to go over and vote now.

SUBCOMMITTEE RECESS

We will recess until 10:30 tomorrow.

[Whereupon, at 11:50 a.m., Wednesday, May 9, the subcommittee was recessed, to reconvene at 10:30 a.m., Thursday, May 10.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

THURSDAY, MAY 10, 1973

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, D.C.

The subcommittee met at 11 a.m., in room 1223, Everett McKinley Dirksen Office Building, Hon. Warren G. Magnuson [chairman] presiding.

Present: Senators Magnuson and Eagleton.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Overview of Budget Request

STATEMENT OF HON. CASPAR WEINBERGER, SECRETARY

ACCOMPANIED BY:
JAMES B. CARDWELL, ASSISTANT SECRETARY, COMPTROLLER
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

PREVENTIVE HEALTH

Senator Magnuson. Senator Cotton has a cold and couldn't come this morning, but we left off on page 13, as I remember.

Secretary Weinberger. Yes, sir.

Senator Magnuson. And you were down to preventive health.

Secretary Weinberger. The 1974 budget continues the Department's effort to help State and local health departments control venereal diseases, particularly gonorrhea. The 1974 program will provide screening for approximately 4 million women, and should prevent the occurrence of approximately 100,000 cases of gonorrhea.

The budget will also continue the effort to control lead-based paint poisoning and rat infestations.

Senator Magnuson. Now, on the venereal cases, there is a center, as I understand it, operating out of Atlanta; isn't there?

Secretary Weinberger. The Center for Disease Control has a major responsibility.

Senator Magnuson. It's almost an education program; isn't it?

Secretary Weinberger. It has to be education, but it also has to have some considerable element of—well, the way you deal with an epidemic, Senator, and frankly, that's what it is. This is now in epidemic stage, and it does have to be treated in a number of ways, including education, of course, for the future.

We need the screening right now.

Senator **MAGNUSON**. And of course some of the money is needed for vaccines for rubella, for instance. We're working on that, and vaccines for influenza, and those sorts of things.

Secretary **WEINBERGER**. With the rubella, we have reasonably well completed that activity, and we do believe that headed off an epidemic and feel that the action of the committee last year—

Senator **MAGNUSON**. Well, it looks like they did a pretty good job on it.

Secretary **WEINBERGER**. 33 million people were vaccinated in that program.

Senator **MAGNUSON**. All right.

Secretary **WEINBERGER**. We also feel that there have been some reductions proposed in, not only in the rubella, as we have finished that program, but also in activities with limited national significance, such as the highly specialized environmental health research conducted at the Arctic Health Research Center.

DEVELOPMENT OF HEALTH RESOURCES AND FACILITIES

With respect to health resources and facilities, we have made a substantial departure from the past, stimulating change in the health service delivery system through various kinds of categorical grant programs. We intend to reform this area of Federal activity, so that it is more sharply focused and involves only limited Federal intervention.

We are proposing to terminate several ongoing programs, principally community mental health centers, Hill-Burton hospital construction and regional medical programs, and redirect others such as comprehensive health planning and services, maternal and child health. And we have again submitted legislation to stimulate the development of health maintenance organizations.

Senator **MAGNUSON**. Well, we are going to have considerable discussion and controversy over some of these changes in programs like Hill-Burton. And I think I understand the position the Department has taken, which will not necessarily coincide with the position this committee might take on some of those programs.

Now, I think, Mr. Secretary, that this isn't wholly the opinion of the chairman of this subcommittee. It becomes almost a consensus of many, many Senators when you get down to what to do.

We will have to take a look at it, although I feel pretty keenly, I want to tell you now, about the community mental health centers. And we're going to have to have some pretty good showing of facts that this is going to be a better program.

Secretary **WEINBERGER**. Senator, would you wish me to give any short explanation of why we have made these recommendations?

Senator **MAGNUSON**. Yes. I think the record ought to have that.

Secretary **WEINBERGER**. If you think you have it already, it's perfectly all right with me.

Senator **MAGNUSON**. Well, I know what you suggest you are doing.

COMMUNITY MENTAL HEALTH CENTERS

Secretary **Weinberger**. Generally, with the community mental health centers, we think it's been a good program, and I personally feel that way because I was connected with the start of a community mental health program in California before we had any health support, at all. But we do feel that the work of the Federal Government in demonstrating that this could work is largely finished, that there are some 515 federally financed community mental health centers in place now in the country. That we have demonstrated this is a program that will work.

We have demonstrated how States can do it, and that they should do it, and that it's a far better way to treat mental illness than simply building more and more large State institutions. But there is a time when the Federal Government's demonstration is completed. The action of the Congress earlier in setting an 8-year limit on this program was a wise one, and it should be adhered to.

We will honor all our commitments to the remaining 8 years of the clinics that have been funded, and started, and after that, we think then that the work of this kind should have a high priority in State and local budgets. We have completed our work and of necessity, we should not, as a Federal Government, fund and help operate community mental health centers.

Senator **Magnuson**. Well, we will be hearing a lot of testimony on that.

Secretary **Weinberger**. Surely.

Senator **Magnuson**. In effect, what you're doing is buying them out to get out, aren't you?

Secretary **Weinberger**. No, sir. We're honoring commitments. They have an 8-year funding commitment, and those that started 5 years ago will have 3 more years to go, and they will be funded.

Senator **Magnuson**. But not new?

Secretary **Weinberger**. Absolutely not, because we do feel that the program has demonstrated its value and should now be terminated.

I might say, Mr. Chairman, somewhat more broadly with respect to this and all the others that we have recommended for termination; we know that there is a great deal of trauma associated with stopping any kind of Federal programs, and that we expect.

But I do think that there are Federal programs that finished their jobs, such as Hill-Burton, or demonstrated their purpose, such as this, that we should have the courage to terminate and to move into other fields.

Senator **Magnuson**. Well, then, why don't you come up and ask that we repeal the legislation?

Secretary **Weinberger**. We are, sir, the legislation runs out on June 30, and we are asking that it not be renewed.

Senator **Magnuson**. The Hill-Burton?

Secretary **Weinberger**. And the community mental health program.

Senator **Magnuson**. The committee is discussing it now, aren't they?

Secretary **Weinberger**. Yes, sir; we are doing it in what I think is a completely straightforward way.

Senator **Magnuson**. Now, the question that will be posed to us is that if this program that you suggest should prevail, and the responsibility is not assumed by the local community, which in many cases, it will not be—they just don't have the funds—then where are we? Then the Federal Government has got to come back and assume the responsibility.

Secretary **Weinberger**. They do have the funds. It's a question of the priority. We think the Federal Government has demonstrated a very high priority.

On the other hand, we don't think we should order any State and local government to assign any particular priority to it. They do have the funds. They can take exactly the same kind of courageous step the President took in deciding that it's time to stop some other things and free the funds for this purpose.

Senator **Magnuson**. Well, do they have the funds?

Secretary **Weinberger**. I think so.

Senator **Magnuson**. My State doesn't tell me that.

Now, California has a surplus. Maybe when you talk about that, that might be a little different thing.

Mr. **Cardwell**. At the moment, they are getting something like 30 percent of the funds for community mental health centers from the Federal Government.

COMMUNITY MENTAL HEALTH CENTERS

Secretary **Weinberger**. And it is a question of making up that 30 percent and assigning a higher priority to it, making that choice, rather than just continuing everything they are doing now because it is in place. That's what we have been trying to emphasize through this whole budget.

Senator **Magnuson**. But supposing the consensus is that some of these programs may not be working as well as they should. Somebody ought to go in and see that they do work.

But supposing that all of these programs are working well. You are saying to the people locally that you've got to cut one of them out, you've got to make a choice.

Secretary **Weinberger**. I think it's not really creditable if I may say so, Mr. Chairman, that every program that every State and local government is doing is working well. We do think these are working well, but we do think our Federal role has terminated, and it should terminate as the Congress provided when the Congress said the authority runs out on June 30.

Senator **Magnuson**. I understand that, but the tendency might be to—is there any restriction on the expenditure of the money? Say, there's a program that's going on for another 7 years. Say, this appropriation is granted, can they spend it all?

Secretary **Weinberger**. No. It would be our purpose to allocate it.

Senator **Magnuson**. When it was granted, there was a spreadout.

Secretary **Weinberger**. And we would honor that. That's our purpose.

Senator **Magnuson**. Somebody couldn't go out and spend it all in 1 or 2 years?

Secretary **Weinberger**. If I might say this, Mr. Chairman, the authority for the program runs out on June 30. We're saying please give us the authority to honor our commitment, but we don't want to start any more because we don't think that's a proper role for the Federal Government to continue.

And Mr. Cardwell may have something.

Mr. CARDWELL. There's one point I would like to make, and I think it has received little attention by the Congress, and that is that this is a basic health delivery program, and a very successful one. But through its history, it is at a point where it's financing only 8 percent of its total cost through fees collected, and that is a doubtful policy; to manage a program and finance so little of it through fees.

The rest of it is being financed either through State and Federal funds, or in some small degree through third-party payments. And the issue of whether the locals can finance it, we think they can.

Senator MAGNUSON. If you people were down to a local level, I know the Secretary has been down there, statewide at least, you would see the trouble we are having for any kind of bond issues. The legislatures are right up to the hilt in my State, in many States, with education and welfare programs. That is their big problem in most States, the big fiscal problem.

Secretary WEINBERGER. Mr. Chairman, I don't argue with that for a moment. What I do say is, if you look across the whole spectrum of the programs that the State governments or the local governments are doing, you inevitably find some things that are of lower priority and not working as well as others. And no one has thus far wanted to stop anything, and we think that you can if you take a hard look at these, you can stop some things that will not cause problems and free some funds.

I don't say you should raise capital. I just say look across the whole thing, do what we try to do here, free some funds for a higher purpose such as this.

When I was budgeting in California, and when I was in the legislature in California, I regarded this as a very high priority. And we did start, without any Federal assistance, a network of these things and saved the State millions.

Senator MAGNUSON. But something's got to give.

Secretary WEINBERGER. Something did give.

Senator MAGNUSON. But then we're failing to deliver health even though the program may not have been working as well as it should——

Secretary WEINBERGER. No. I think it's not that you're failing to deliver something, we're failing in carrying out a good program. There are plenty of good ones, but there also is a great deal of room to give that doesn't hurt the people.

Senator MAGNUSON. And sometimes you get more confusion at the local level.

Secretary WEINBERGER. Yes, sir.

Senator MAGNUSON. Part of the problem, I think all of us know, with OEO was the community centers in which they would get into big arguments themselves over what they were going to do, and sometimes a bad program would be continued.

Secretary WEINBERGER. And use up 60 percent of the Federal moneys in overhead.

Senator MAGNUSON. But some of these programs have got to continue. If they're not being administered right, we've got to see to it that they are. So I don't know where we are going to be in this program.

Secretary **Weinberger**. These are the points I wanted to make.

Senator **Magnuson**. What if Congress extends them? Let's take mental health. What if we extend it?

Secretary **Weinberger**. Then the authority would be extended. We are still not requesting any funds for this purpose.

Senator **Magnuson**. Well, what if we put them in? Are you going to spend them?

Secretary **Weinberger**. Well, that's a question I would have to refer to the Office of Management and Budget. [Laughter.]

Senator **Magnuson**. Well, you have a key down there, don't you?

Secretary **Weinberger**. I don't know what the administration position on that kind of a hypothetical situation would be.

Senator **Magnuson**. I don't think it's so hypothetical.

I think that's what is going to happen.

Secretary **Weinberger**. It may very well. I don't know. But I do know it is our strong feeling as reflected in the budget decisions presented this morning, that this is——

Senator **Magnuson**. I understand this is the way you people feel. I'm just posing some questions.

Secretary **Weinberger**. I can't answer that fully, but I do appreciate your letting us know.

Senator **Magnuson**. Well, nobody can answer that until you have another Cabinet meeting, I guess. [Laughter.]

ARCTIC HEALTH RESEARCH CENTER

And I understand that. And then, of course, there's going to be a great deal of discussion on the maternal and child health programs. And some of the complaints in my opinion are legitimate. That's included in what you say here on development of health resources and facilities.

I want to go back a moment for a personal reason. The Arctic Health Research Center, what have you done to that?

Secretary **Weinberger**. We have recommended that that be terminated, sir.

Senator **Magnuson**. How much is involved?

Secretary **Weinberger**. About $1.5 million.

Again, let me give you the rationale. The general idea here was that this had a much more limited national significance than other things. And in the interest of terminating programs of that kind and freeing Federal funds, we recommended that that be done.

Senator **Magnuson**. Well, I want a pretty good explanation of that.

Mr. **Miller**. We have some indication, Mr. Chairman, that the University of Alaska would be willing to take it over if we could find a much smaller means of support out of the Bureau of Health Manpower, and it may be possible to do that and work out an arrangement that would be satisfactory to everybody.

Senator **Magnuson**. Well, if you've got something to say about it, let me get a hold of it.

Secretary **Weinberger**. We do have a proposal from the university. The university has asked for a small grant. We are trying to free that grant from some of the restraints that seem to be on the only source of funding that we have.

If we can do that, I think we can work it out, and that would be, I might say, Mr. Chairman, a very good example of what we had in mind; a local operation. It will be run then locally, and it would be one that we think would do very well.

The grant the university wants is $150,000, and I think we can do that. That will enable you to make up some——

Senator **Magnuson**. Well, if you can work out some program, that's something, but just to abruptly say that's out, that's——

Secretary **Weinberger**. Well, let me just say, if we can work this out, it will be the ability—it would be the fact that we did terminate this that led to this very happy local result. And sometimes, we do get those.

Senator **Magnuson**. They don't have much money up there. And if they don't let them build the pipeline, they won't have much money at all.

All right. But we can go on now to—excuse me. Tom, do you have any questions? Just butt in here.

Senator **Eagleton**. I will, Mr. Chairman, just go ahead.

HEALTH MAINTENANCE ORGANIZATIONS

Secretary **Weinberger**. The next one would be then on health maintenance organizations, and we are proposing funding in the amount of $60 million to enable us to test this system and see how it works in a variety of situations, urban and rural, and medically underserved areas, middle-income areas and so on. We have proposed legislation for that testing in this year's budget.

Senator **Magnuson**. How much is that?

Secretary **Weinberger**. $60 million.

ALCOHOLISM

Senator **Magnuson**. I want to go back again in your statement. Now, there is going to be a great deal of resistance to the phasing out of the community programs on alcoholism. If we don't change it in the committee, I will guarantee you the Senate will do it on the floor, the way I read it. That's a program that's just beginning, and it's been, I think, very successful. It's one of the greatest needs in the country.

Secretary **Weinberger**. What we're doing, moving to here, Mr. Chairman, was a recommendation that we move out of the project grants, the specific allocations for certain projects, and move into a formula grant, I believe——

Mr. **Miller**. We're maintaining a formula grant at the same level.

Senator **Magnuson**. Well, you're buying them out too, aren't you?

Mr. **Cardwell**. The cases he's talking about are the ones operated by the community mental health centers.

DRUG ABUSE

Senator **Magnuson**. Well, was that the same on drug abuse? You've got 382 phaseouts there.

Mr. **Cardwell**. We're talking about continuing through the 8-year commitment the financing of alcohol, drug abuse, and other special projects operated by community mental health centers, but as our total Federal support is phased out.

Secretary **Weinberger**. We would fund them in other ways. That is what we are suggesting.

Senator **Magnuson**. Well, if you can figure out how to fund them in other ways, you're better than I am. I thought we made an awfully good beginning on the alcoholism project.

Secretary **Weinberger**. Under the narcotic programs, we do have alternate sources of projects grant funding. With alcoholism, we would maintain the formula grant, but phase out the community mental health centers.

Senator **Magnuson**. Now, we were down at the White House last year some time at a meeting in which the President unveiled this new drug abuse program, sort of a crash program similar to what we are trying to do in cancer and heart disease, and they set up a special section down there with Dr. Jaffe.

Secretary **Weinberger**. The Special Action Office for Drug Abuse Prevention.

Senator **Magnuson**. Do they have funds to give to these?

Secretary **Weinberger**. Yes; they do.

Senator **Magnuson**. How will they distribute them? How will that affect this?

Secretary **Weinberger**. They will concentrate on research and training activities by grants and contracts awarded to colleges, universities, community mental health centers.

Senator **Magnuson**. Rather than maintenance or operation? That was the plan I think to begin with there.

The reason that Dr. Jaffe was picked, as I understand it, is he had some great success in Illinois.

Secretary **Weinberger**. Yes. And there was a great need, I think, Senator, to pull it all together. There are so many different units of Government working in this field, and he has rather broad authority across several fields.

Senator **Magnuson**. Well, they have to fit into these programs, too.

Secretary **Weinberger**. Total funds requested for drug abuse activities by the National Institute of Mental Health in 1974 are $448.5 million with an additional $65.2 million in the 1976 request for the Special Action Office for Drug Abuse Prevention (SAODAP).

Senator **Magnuson**. Suppose they come up and find in their research the best way to attack this is through community programs, then where are we?

Secretary **Weinberger**. Then they are in a position to fund them and the communities can accept those grants and utilize them.

Senator **Magnuson**. Well, get for the record how much they've got.

Secretary **Weinberger**. $160 million?

DRUG ABUSE PROJECT GRANTS

Mr. **Miller**. Included in the $148.5 million for NIMH are $36.7 million for research, $15.2 million for training, $17 million for management and information, and $379.6 million for project and formula grants; $205.2 million in project grants is requested for years beyond 1974 and $106.4 million for projects outside of the community mental health centers.

Senator Magnuson. Well, I just want the figures in the record, the amount of money that's available there, because you've got to put these things together.

Secretary Weinberger. We have the data here.

Would you like us to just put it in the record?

Senator Magnuson. Put it in the record.

[The information follows:]

DRUG ABUSE PROJECT GRANTS AND CONTRACTS AVAILABLE OUTSIDE COMMUNITY MENTAL HEALTH CENTERS ACT

	1974
Special project grants and contracts (Sec. 410, Drug Abuse Office and Treatment Act)	$104,865,000
NARA contracts (Narcotic Addiction Rehabilitation Act)	1,500,000
Total, Project grants and contracts	106,365,000

COMMUNITY MENTAL HEALTH CENTERS

Senator Magnuson. Now, community health centers.

Secretary Weinberger. As I mentioned before, we are not proposing expansion of the legislation that expires June 30 because we believe the program has proven itself, and should now be absorbed by the regular health service delivery systems. Through 1973, 515 centers across the Nation have been aided.

The 1974 budget requests adequate budget authority in excess of $600 million to honor all commitments which have been made, but we do not propose to make any new commitments. We believe the current program supports enough community mental health centers for a sufficient time to demonstrate adequately the value of community-based delivery of mental health care.

These centers should now face the test of operating on their own without special assistance, and again, the rationale for that, Mr. Chairman, is that they are community centers. The whole theory of them is to move people out of State institutions and into locally operated community centers.

And as Mr. Cardwell pointed out, the fee revenues come to only about 7 percent of their total operational cost, and the Federal Government has been supplying about 30. This is and should be, I think, a high priority of State and local government, since those are not impossibly large sums for any State or local government to make up.

It would be my strong feeling on the basis of what I have seen in the past that they could make that up without a tax increase, simply by reexamining their own programs. I've said this before, I just want to emphasize it.

Senator Magnuson. I understand, but I think you won't have any more community mental health centers.

Secretary Weinberger. In California we started them without Federal funding.

Senator Magnuson. Where did you get your money?

Secretary Weinberger. From the State.

Senator Magnuson. Well, your State has a surplus.

Secretary WEINBERGER. No, this was in 1954, and we did it long before the Federal program started. We assigned a high priority to it. And because we did it, Mr. Chairman, we were able to eliminate the need for building two very large State institutions. And it's a much better way to treat people.

Senator MAGNUSON. Well, I agree that there's a bonus to the State in the sense that the old grey institutions are passing out of the picture. There is more treatment in these community health centers and they take care of a lot of veterans.

Secretary WEINBERGER. Oh, yes. They take care of people.

Senator MAGNUSON. The startling thing in this country is that in the 183 veteran's hospitals throughout the country every other bed is in need of mental health services; every other bed. That is something we had better attack.

And they try to send these patients out, but they go back to these hospitals over and over again.

Now, maybe the VA ought to pay a little of the cost for community mental health centers, too. In some cases, I think on their outpatient program, they can.

Mr. MILLER. Mr. Chairman, by the time you reach the eighth year of a community mental health center, the total Federal share has been declining, I think, to 30 percent. So by that time, hopefully, the community is ready to pick it up.

Mr. CARDWELL. That was the theory of the original legislation, that the community would be able to take the Federal funding's place.

Secretary WEINBERGER. We have 515 in place now, and we are going to honor our commitments.

Senator MAGNUSON. Well, in the earlier days when we started this, part of the reason for starting this program was that when the community found a place to begin operations, it might have been a school that wasn't being used or some such place; no one had any money. Federal funds were used for remodeling or to put some airconditioning or heat in and whatever else they needed. But those places are becoming scarce. One group in Seattle got a couple of old quonset huts in the beginning and fixed them up as a base of operations.

Providing good mental health services is becoming a serious problem; we don't seem to be getting adequate funding. The number of VA patients in need of mental health services hasn't changed in 13 years.

Secretary WEINBERGER. No, that's in the veteran's

Senator MAGNUSON. They are finding new, exciting things to help these patients, tranquilizers for example, and things of that kind; but when they get out, if they don't have followup help, these people end up in the hospital again sometimes. Being able to use VA outpatient funds for the services of the community mental health centers could be a solution for this problem.

All right.

Senator EAGLETON. Could I ask one question here, Mr. Chairman? That $600 million, Mr. Secretary, is that money that is all to be spent in the fiscal year 1974, or is that over a longer period?

Secretary WEINBERGER. No, Senator. What we said before you came in is that we would use that to honor the commitment; both the amount and the funding plan that was made when the centers started. So it would be spread out, as Mr. Miller, said in declining amounts in accordance with the statutory pattern.

Senator **Eagleton**. Over a period of years?

Secretary **Weinberger**. Yes.

Senator **Magnuson**. They're buying them out. [Laughter.]

Secretary **Weinberger**. No, we're honoring our commitments. What we're doing is asking for the authority but we would spend it as we had committed ourselves to do over the years.

Senator **Magnuson**. But they know they are not going to get any more.

Secretary **Weinberger**. No. There would be no new starts, and they would know that when they started. After their 8th year is up, there would be no Federal funding. That was part of the understanding when they were first funded.

Senator **Magnuson**. Well, I think we understand the position of you people down there. I hope that efficiency doesn't take over for everything. I don't think you can do that.

HILL-BURTON HOSPITAL CONSTRUCTION

Secretary **Weinberger**. Hill-Burton—we are also proposing that the Hill-Burton hospital construction program, not be extended beyond its expiration date of June 30, 1973. Since this program was begun 26 years ago, two things have happened which now make it unnecessary to continue.

First, the country now has a generally adequate supply of hospital beds; in fact, in some parts of the country, a definite surplus exists.

Second, the rise of health financing systems, such as private and public health insurance plans, has made a fundamental change in the way that hospitals do or should do their business. Nearly all types of health insurance, including medicare and medicaid, Blue Cross and others, recognize depreciation as a valid component in the reimbursement of hospital and medical facilities. This permits hospitals and medical facilities either to set aside funds for the facility improvement, or pay back loans for construction over the useful life of the facility.

We have estimated that approximately $800 million in depreciation payments will be paid through medicare and medicaid in 1970, and that private insurance will provide over a billion more for depreciation. Thus, a special Federal grant program for hospital construction is now unwarranted.

Senator **Magnuson**. Now, your research says that there are plenty of hospital beds, but, I don't know how we cope with the problem of maldistribution of hospital facilities. In some parts of the country, there are no hospitals at all.

Secretary **Weinberger**. Well the number of areas that are totally unserved I think is very small, but there is a $1.8 billion fund, far more than the Hill-Burton fund, coming in regularly that can be used for this purpose.

Senator **Magnuson**. What fund is that?

Secretary **Weinberger**. Well, it is the depreciation fund that is available through the medicare and medicaid payments to the hospitals, and also through private third party plans. This totals $1.8 billion, and it means that there is a supply of dollars that can and should be used for this construction purpose.

It also means, it seems to me, that if we go on subsidizing more unnecessary construction, where we have surpluses through the subsidy program, that you push costs up tremendously. The cost of operating a half-empty hospital is obviously very high.

This is one of the factors that has gone into raising the daily rate of care from somewhere in the $60's and $50's a few years ago, to $106 a day on the average.

Senator **Magnuson**. It has almost tripled in the past 10 years, but my point is that the program should continue in the places where it's needed, where there are no hospitals at all. These areas with no hospitals at all are the same ones that are not going to be able to go out and pay 9-percent interest.

Secretary **Weinberger**. Well, they wouldn't really have to, with these depreciation payments coming in, because those go directly to them.

Senator **Magnuson**. There is a way to get down that high interest rate?

Secretary **Weinberger**. Yes; because they wouldn't have to borrow. They could use these depreciation funds for construction.

Senator **Magnuson**. How do they get into a fund? How does that work?

Secretary **Weinberger**. Well, part of the medicare, medicaid payments to the hospital, Senator, are for the purposes of renewing depreciated facilities.

Senator **Magnuson**. So there is a reserve fund in the payments that come in to be used for some of these purposes for an existing hospital?

Secretary **Weinberger**. Or for an extension of the hospital into another area.

Senator **Magnuson**. But I am talking about many places where there are just no hospitals at all. I don't know how many of these areas there are but maybe you have charts on this. Give us some information; this is a real worry of mine.

HOSPITAL BED AVAILABILITY BY GEOGRAPHY

Mr. **Cardwell**. We can give you information about beds, by geography.

[The information follows:]

There are only six states that identified service areas that are completely without a general hospital. They are as follows:

State	No. of Service Areas	Population in Area
Alaska	1	3,000
California	1	1,500
Florida	1	14,800
Missouri	2	39,196
		10,128
Montana	1	2,200
Wyoming	1	3,600

Of the areas listed only Florida and Missouri have a population base adequate to support a general hospital.

A comparison of data for 1969 and 1971 shows a substantial improvement in the ratio of Conforming General Hospital Beds per 100,000 Population by State. The figures are as follows:

State	1969	1971
Alabama	368	417
Alaska	157	190
Arizona	341	485
Arkansas	308	358
California	301	316
Colorado	330	368
Connecticut	221	234
Delaware	142	169
Dist. of Col.	595	554
Florida	373	410
Georgia	326	347
Hawaii	237	308
Idaho	223	278
Illinois	338	370
Indiana	221	258
Iowa	279	310
Kansas	283	339
Kentucky	368	324
Louisiana	303	316
Maine	266	279
Maryland	274	293
Massachusetts	227	275
Michigan	305	346
Minnesota	362	380
Mississippi	361	378
Missouri	296	344
Montana	264	293
Nebraska	369	415
Nevada	237	333

State	1969	1971
New Hampshire	300	300
New Jersey	189	160
New Mexico	287	375
New York	253	298
North Carolina	275	294
North Dakota	412	531
Ohio	325	358
Oklahoma	326	327
Oregon	267	276
Pennsylvania	274	302
Rhode Island	332	348
South Carolina	285	321
South Dakota	292	323
Tennessee	293	346
Texas	342	356
Utah	252	252
Vermont	396	415
Virginia	234	248
Washington	209	255
West Virginia	251	260
Wisconsin	365	395
Wyoming	404	446

DEPRECIATION FUND

Senator **Magnuson**. And how much is the depreciation fund?

Mr. **Cardwell**. We estimate about $1.8 billion in such payments in 1974 alone.

Senator **Magnuson**. And I can't conceive of a nonprofit hospital going out and trying to get a 9-percent loan, which is what it would be today.

Secretary **Weinberger**. Well, some have, Senator. They have this combination Federal, State, and private funding, and they have gone and secured loans at very close to that for their own private sector portion of the funding.

Senator **Magnuson**. But they are few and far between.

Secretary **Weinberger**. They are, but they still push the cost up. We are trying to discourage unnecessary construction, since high construction costs, high interest rates, and the costs of operating half-empty hospitals push this daily cost up.

Senator **Magnuson**. Some of the finest hospitals in the country have developed out of church organizations, Catholic and others; and these people might get caught in the crunch here.

Mr. **Cardwell**. Well, traditionally, hospitals were financed on a cash-and-carry basis, from money they collected from the community. What we are trying to say is, we have gradually evolved into a new system of financing hospitals, beginning in 1965, and have left the old Federal subsidy systems in place, just as if those changes had not occurred.

Secretary **Weinberger**. The Hill-Burton accounts for only about 8 percent of the hospital construction costs in the last year.

Senator **Magnuson**. I understand it is only a small amount, but it is sometimes that small amount that puts them over, to let them do what they want to do.

Go ahead now, on RMP—excuse me, unless Tom has any questions.

Senator **Eagleton**. Let's take, Mr. Secretary, a small community that has a very antiquated, small hospital, but it is being utilized to capacity. How will that depreciation account give them adequate moneys to build a new hospital?

Secretary **Weinberger**. It is a fund which should be—it is designed to be set aside to finance the construction of new facilities, to replace these depreciating facilities.

Senator **Eagleton**. But most small country hospitals aren't setting aside funds for new hospitals. They are using that money to refurbish their old facility.

Secretary **Weinberger**. Then they are getting a good result.

Senator **Eagleton**. But the facility can only last so long.

Secretary **Weinberger**. That is right, but the funds are there, and they are being paid for that purpose. To the extent that they may not be used for that purpose, I would suggest that perhaps there ought to be some examination of that availability by the management of that hospital. A prudent way to go about it would be to set aside these funds to reconstruct facilities.

Mr. **Cardwell**. In fact, two things happen: a going hospital that can establish that it has an expected patient load for the future can show a bank a capacity to pay off a loan, and then medicare and medicaid will recognize a depreciation for replacing that facility once its useful life has ended.

Those two phenomena are very important in the financing structure of our health delivery system, and they did not exist 7 years ago.

Senator MAGNUSON. Of course, these little community hospitals don't get too many medicare or medicaid patients, do they?

Secretary WEINBERGER. Oh, yes, sir.

Senator MAGNUSON. They do?

Secretary WEINBERGER. I have forgotten the exact figure, but I think it is something like close to 40 percent of the patients admitted to hospitals all over the country are medicare and medicaid.

Senator MAGNUSON. Across the board that may be true, but I just had the impression that they went to the larger ones.

Mr. CARDWELL. Hill-Burton was created 26 years ago, and it was created initially to get at the rural community that had never had a hospital. In its early periods it built a lot of very small hospitals, many of which have fallen into disuse because it wasn't a practical method of delivering care.

Secretary WEINBERGER. It is like a 30- or 50-acre farm, Senator, it isn't economically practical to operate at that size, and so they have lately moved into much larger units. But, again, we do have this surplus in most parts of the country, and the unused facilities push the cost up.

Senator MAGNUSON. Get for the record how these payments come from third parties. Say that I get into the hospital, and I am completely covered by hospital insurance. How does that get back to the depreciation reserve?

THIRD-PARTY PRIVATE INSURANCE

Mr. CARDWELL. Most of the third-party private insurance industry treats it the same way now that medicare and medicaid does, but we can put that in the record.

Senator MAGNUSON. Yes, because that would help those emergency hospitals that don't have long-term patients.

[The information follows:]

Depreciation is a method of allocating the costs of the usefulness of a structure or equipment over a period of time to the users of the facility or equipment. Depreciation is an allowable item for inclusion when hospitals submit their bills to third party payors. Hospitals have computed depreciation on the basis of actual cost of the building and its equipment in accordance with the agreed upon life expectancy of the building and equipment. The calculated depreciation is included in the fee structure which is charged to the patient for which the third party payor pays a proportionate share according to the conditions of the plan or policy. The money set aside is thus available to repay principal indebtedness.

REGIONAL MEDICAL PROGRAM

Senator MAGNUSON. Just so that this is explained—I don't think that there is enough information about this depreciation account that people know about. All right, RMP programs.

Secretary WEINBERGER. We are proposing to terminate the regional medical program because we believe it has not achieved its promise in the 7 years since it was enacted, and shows no reasonable chance of doing so in the future.

From the outset, RMP has had great difficulty in defining a clear role for itself. Originally conceived as covering a limited number of major regions of the United States, a total of 56 regions have been funded, of which 45 are coterminous with or contained within State boundaries.

This alone brings the program into direct conflict with State-based health planning and service programs such as comprehensive health planning.

There is no significant evidence that the RMPs have achieved their goal of getting research advances rapidly into regular practice. The training programs undertaken are typically of limited scope and duration, and there is no substantial evidence that they have had an effect on actual medical practices.

Further, we believe that continuing education for physicians should be paid for by physicians, and not by the Federal Government.

Senator, I have got a conference call from the White House. Should I take that now?

Senator MAGNUSON. Go right ahead.

[A brief recess was taken.]

REGIONAL MEDICAL PROGRAMS

Senator MAGNUSON. On the regional medical programs, the administration contends that they are not working, and they show no promise, and no reasonable chance of doing so in the future. That is your position.

That is why you knocked out all of the money.

Mr. CARDWELL. Right.

Senator MAGNUSON. Now, we of course will have a lot of testimony about that from people at the local level and there will be a lot of dispute on this.

My personal impression is that the RMP's have been very valuable; but I don't know all of the facts involved, and I want to get at them. Does this program include grants to fire departments for emergency mobility units and things like that?

That's out?

Mr. CARDWELL. Insofar as it is being operated by regional medical programs, yes.

The same kind of projects, however, can be eligible for grants by other means.

Senator MAGNUSON. What other means? Say the fire department has one mobile unit that is working well, and they needed two, and they don't have the money.

Mr. CARDWELL. If it is a matter of subsidizing local emergency care units operated by volunteer fire departments, the answer is none.

If it is a matter though, of a local unit demonstrating a new approach to the delivery of emergency care, then there are some Federal funds available; in fact there are $15 million in the budget for the financing of emergency care experiments.

Senator MAGNUSON. Including mobile units? I remember when Secretary Richardson was up here he put great stress, if you remember on the administration's support of more mobility in the whole health services, and we thought that would fit into the RMP program.

Mr. CARDWELL. That interest has not changed. One of the things that we are concerned about is that RMP activity has drifted into other areas.

It drifted into emergency care, the heart patient; but that really was never the original legislative intent of the RMP program. But it has, as you know, financed a number of those kinds of activities.

Senator **Magnuson**. Well, there has been testimony that some places have been doing very very well with the program. In some cases success has been spotty. RMP programs are usually statewide. But Washington State is part of the Northwest regional medical program which also includes Alaska, and places where there are hardly no health services at all. In one program they had closed circuit television from the NIH to an operating room in Alaska, so that a doctor up there who didn't know too much about a particular disease could talk to doctors at NIH and get the help of a specialist.

Now, that is a good program, I think.

Mr. **Cardwell**. Sure it is. It seems that it should come to the State or region through a different route, rather than through the regional medical program.

The regional medical program was originally created to disseminate to practitioners of medicine new techniques in heart, cancer, and stroke.

Senator **Magnuson**. Well, I don't know how you would get around using this kind of approach altogether.

We started the closed circuit television system with $1 million, I believe.

Mr. **Cardwell**. I think the National Library of Medicine was involved in that.

Senator **Magnuson**. You have also cut out extensive heart care in this program. Is that correct?

Mr. **Cardwell**. To the extent that the local regional medical program might be operating an intensive care unit, that Federal financing would be dropped.

Senator **Magnuson**. I just don't understand.

Mr. **Miller**. The heart disease control program has been emphasized in the new heart legislation operated by the National Heart and Lung Institute.

However, we don't have a program yet for heart control, but we do for cancer.

Senator **Magnuson**. And then the kidney dialysis treatment is out.

Mr. **Cardwell**. There again, that was operated as part of these, but as we mentioned the other day, the Social Security amendments are providing a new source of funding for this.

Senator **Magnuson**. Well, that is only for the older people.

Mr. **Cardwell**. Not only older people, but members of their families, and all others paying into social security as well.

Senator **Magnuson**. Well, suppose you have need for kidney dialysis and you are eligible for social security or covered by someone in your family.

KIDNEY DIALYSIS

Mr. **Miller**. Mr. Chairman, we haven't made a clear record on this. We have much more funds available for kidney dialysis.

Senator **Magnuson**. Well, that is what I want to know for the record.

I know one member of our committee that is going to scrutinize that.

Mr. **Miller**. We have a much better budget in this than ever before.

Senator **Magnuson**. Well, get that in the record.

[The information follows:]

Medicare for Persons with Chronic Renal (Kidney) Disease

Medicare provides protection against the costs of most types of health care, including costs arising from the treatment of renal disease. Most persons age 65 and over are currently covered by Medicare. The Social Security Amendments of 1972 (P.L. 92-603) extend Medicare coverage to individuals under age 65 who require hemodialysis or renal transplantation for chronic renal disease and who are currently or fully insured under social security, or entitled to monthly social security benefits, or are the spouses or dependent children of such insured or entitled individuals. Eligibility for this new coverage will begin with the third month after the month in which a course of renal hemodialysis begins, but only with respect to services provided on or after July 1, 1973. Medicare coverage under this provision ends with the twelfth month after the month in which the individual has a kidney transplant or dialysis terminates.

The only persons who are not eligible for Medicare because of this disease are those persons (and their dependents) who either have not worked long enough under social security to be insured or who are not receiving any type of social security benefit. Since, generally, a person is currently insured if he has worked in employment covered by social security for 6 or more calendar quarters out of the 13 quarter period ending in the quarter he applies for Medicare benefits, relatively few people will not be eligible. The principal groups that would not be eligible are those generally without social security coverage, such as Federal employees, State and local employees not under social security, and career railroad employees and annuitants who are under the Railroad Retirement program.

PROBLEM AREAS SUBJECT OF ATTENTION

Mr. **Cardwell.** I think that rather than preserving the RMP program per se in order to get at these kind of problems that those kind of problems be identified, and that they should be the areas of attention.

The RMP program, it seems, has just wandered all over the place, and it no longer represents sound public policy.

Senator **Magnuson.** Well, it all adds up to everybody making pious speeches about the delivery of health care and then skimping on delivering this care. Our research in health is as good as any in the world, but delivery of health care in this country falls far short of what it should be.

Now, some RMP persons may not deliver this care as well as they should, or they may not cover some kinds of care at all, but they are better than nothing.

Mr. **Cardwell.** And we couldn't deny the fact that good care has been delivered to many many individuals through the RMP program. A lot of local delivery systems have evolved through that program.

But our issue is that that in itself represents a distortion of the original intent of the program.

KIDNEY RESEARCH

Senator **Eagleton.** You are cutting back on research in kidney disease, dialysis and the like, though, isn't that correct?

Mr. **Cardwell.** I am not sure, I would have to check.

Senator **Magnuson.** Wait a minute. Where is that in the budget?

Mr. **Miller.** It is under the Arthritis Institute, Mr. Chairman.

Senator **Magnuson.** The amounts appropriated for the Institute of Arthritis, Metabolic and Digestive Diseases are $153 million in fiscal year 1972, $142 million in fiscal year 1973, and the budget request for fiscal year 1974 is $136 million, a cut in funds for next year.

Mr. **Cardwell.** That reduction, I think, is accounted for largely by the reduction in training support and general research grant support.

Senator **Magnuson.** That is what we need, training support. How are we going to get technicians and other specialists unless we train them?

Mr. **Cardwell.** I think you will find, and we can check this, that the amount of hard Federal dollars available for research in kidney diseases has not per se declined.

Senator **Magnuson.** Well, we will have to break this down when the Institute comes up. It looks like the Arthritis Institute would be cut.

Mr. **Cardwell.** All the Institutes except Cancer and Heart show cuts.

TRAINING POLICY

Those reductions are largely related to this training policy, this policy of no new starts and in general research support grants.

Senator **Magnuson.** And training of researchers is out of the budget completely.

Mr. **Cardwell**. Senator Eagleton, it would appear that including training and all other activities related to the Arthritis Institute, there is a drop from about $140 million down to $134 million.

But the thing we can't tell you is how much of that is related to training and how much of that is related to research. We will find out for the record.

Senator **Eagleton**. Yes; could we have that breakdown?

[The information follows:]

NATIONAL INSTITUTE OF ARTHRITIS, METABOLISM AND DIGESTIVE DISEASES

[In thousands]

	1972	1973	1974
Research grants	$93, 593	$91, 312	$88, 763
(Urology & kidney disease)	(9, 790)	(10, 775)	(10, 348)
Training	20, 812	16, 650	13, 402
Laboratory and clinical research	18, 417	19, 343	20, 039
Research and development contracts	6, 453	5, 724	4, 299
Other direct operations	5, 746	6, 777	7, 105
Total	145, 021	139, 806	133, 608

HEALTH DELIVERY AT STANDSTILL

Senator **Magnuson**. Well, I want to say to Senator Eagleton that the mildest way that I could put it is that despite all this discussion and dialog, we are standing still; and we pledged ourselves to do something about the delivery of health care crises. We are standing still, and we should be going ahead.

This is my basic complaint.

We have the finest Biomedical research I think in the world, but we are standing still in this too.

This is what we have the argument about, standing still for the amount of money involved. I don't think we should go hog wild on this. And I understand sometimes you have to change your ideas on what to support, but you still have to keep trying to overcome diseases like arthritis. And it's the Congress that remembers this and puts the money in over what you ask for in your budget.

Well, Mr. Secretary, now I have a problem. We have got a vote over on the floor, and it is 12 o'clock. We have got some more votes on the floor this afternoon.

Now, I am free all day tomorrow.

Secretary **Weinberger**. I am before the House Committee on Merchant Marine, on the Public Health Service Hospitals, tomorrow.

Senator **Magnuson**. Oh, brother, I wish I was there with you. [General laughter.]

I will go with you and hold your hand, and I'll instruct you how to testify [General laughter.]

Secretary **Weinberger**. I am pretty well locked up that way. I would be glad to come next week, I don't see how I could possibly do it tomorrow.

Senator **Magnuson**. Well, all right. I don't mind next week.

Secretary **Weinberger**. I have no idea what next week's schedule is, but I will look at it.

Senator **Magnuson**. Well, let's start at 9:30, and I am sure we can finish up in one session.

Secretary **Weinberger**. Maybe Monday is the best day.

Senator **Magnuson**. Well, whatever it is, I will be available, and the subcommittee will be available.

SUBCOMMITTEE RECESS

[Whereupon, at 12 noon, Thursday, May 10, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

MONDAY, MAY 14, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:40 a.m. in room S-128, the Capitol, Hon. Warren G. Magnuson [chairman] presiding.

Present: Senators Magnuson, Fong, and Stevens.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OVERVIEW OF BUDGET REQUEST

STATEMENT OF HON. CASPAR WEINBERGER, SECRETARY—Resumed

ACCOMPANIED BY:
JAMES B. CARDWELL, ASSISTANT SECRETARY, COMPTROLLER
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

REGIONAL MEDICAL PROGRAMS

Senator MAGNUSON. The subcommittee will come to order. This morning we will resume hearings on HEW's fiscal year 1974 budget. Secretary Weinberger has been presenting the Department's policy statement and, Mr. Secretary, you may resume where we left off on Thursday. Page 17, I believe.

Secretary WEINBERGER. All right, Mr. Chairman.

That covers regional medical programs. And we are proposing the termination of the regional medical program because we believe that it has not achieved its promise in the 7 years since it was enacted, and shows no reasonable chance of doing so in the future.

They have had a hard time defining a clear role for themselves in the RMP. They were originally conceived of as covering a limited number of major regions in the United States, and now we have 56 regions funded, and 45 are coterminous with State boundaries and are contained within them. This alone brings them into direct conflict with State-based planning and health service programs, such as comprehensive health planning.

There is no significant effort——

Senator MAGNUSON. I do not think there are any RMP programs that are limited to an area of a State. There may be; I do not know.

Secretary WEINBERGER. I do not think so.

Senator MAGNUSON. Take a State like Washington which is practically two States in one, with different problems in the mountain areas than in the other parts of the State. And what about a State like New York?

Mr. CARDWELL. There are four that go beyond the States.

Senator MAGNUSON. Beyond State boundaries, but I am talking about within States.

Mr. CARDWELL. There are 34 that operate exclusively within single State boundaries.

Senator MAGNUSON. All right.

We will be hearing from them, and see what they have to say about this.

Secretary WEINBERGER. We believe there is no significant evidence that the RMP's have achieved their goal of getting research advances rapidly into regular medical practice. The training programs undertaken are typically of limited scope and duration. There is no substantial evidence that they have had an effect on actual medical practice.

Further, we believe that continuing education for physicians should be paid for by physicians and not by the Federal Government. And I think that is the principal point we would like to make here this morning, Mr. Chairman.

Senator MAGNUSON. Well, if they call it education, that is one thing. They do not consider it education and they have pointed out the great amount of voluntary service that is involved in an RMP program by medical doctors themselves. They are not looking for further training. Many of them are experts in their field in certain phases of medical practice, but we will hear from them and see what goes on.

Secretary WEINBERGER. All right, sir.

A major activity in RMP has been the funding of demonstration projects, but of course, many other HEW programs and different Federal, State, and local agencies fund similar demonstration projects, thus adding to the proliferation of separate projects.

In sum, it has become increasingly apparent that RMP's have not succeeded in developing efficient regional health systems, which was their original goal.

A point we would like to make is that RMP's, like all programs of this kind, have a large overhead structure, and therefore, a lot of the money that is allocated to RMP does not actually get into the training or into the dispersion of new medical knowledge.

Senator MAGNUSON. Now, for the record where is that program in your prepared statement? What page?

You have not got these pages numbered here.

Secretary WEINBERGER. It is on page 7 of our——

Mr. MILLER. Mental health is at the top of the page.

Secretary WEINBERGER. The figure I think you are looking for is $100 million in 1972.

Senator MAGNUSON. I was trying to put in the record what we had last year.

Secretary WEINBERGER. About $60 million.

Senator MAGNUSON. And your proposal is to cut out all of the $60 million?

Secretary WEINBERGER. Yes, sir; we think the program should be terminated. One hundred and thirty million dollars in 1973; we reduced it to $58.3 million.

FUNDING HISTORY OF REGIONAL MEDICAL PROGRAMS

Senator MAGNUSON. For the record, we started out in 1972—get in there 1971, too, someplace, will you?

Mr. MILLER. We will put that in there.

[The information follows:]

RECENT FUNDING HISTORY OF REGIONAL MEDICAL PROGRAMS

[In millions of dollars; fiscal years]

	1971 comparable	1972 comparable	1973 continuing resolution level	1973 operating level	1974 budget
Budget authority	108	100	130	60	
Obligations	(53)	(131)	(130)	(60)	

REVISED BUDGET

Senator MAGNUSON. With $149,975,000 in the vetoed bill.

Secretary WEINBERGER. Yes.

Senator MAGNUSON. And the revised budget that has been sent up is $58.3 million.

Secretary WEINBERGER. Right, for 1973.

Senator MAGNUSON. For operating level for 1973, and zero for 1974.

Secretary WEINBERGER. That is correct, sir. That is our recommendation and our request.

COMPREHENSIVE HEALTH PLANNING AND SERVICES

Our budget is based on an extension of all but the graduate training authority in section 314 of the Public Health Service Act. We believe comprehensive health planning agencies, both State and areawide, must become increasingly effective in the development of health systems which are oriented to their own needs.

Budget request for supporting the planning agencies in 1974 is $38 million, which is $3 million more than in 1973, and $12 million more than in 1972. And it is in keeping with our efforts to confer more responsibility on these organizations.

Let me emphasize that this increased funding does not reflect complete satisfaction of the performance of comprehensive health planning agencies, but, nevertheless, we believe that a properly constituted health planning effort can help to improve the efficiency of the health service delivery system.

The budget maintains——

Senator MAGNUSON. You are cutting out funds for graduate training under the authority of section 314. How much was in that program this year?

Secretary WEINBERGER. About $7 million was the amount that we show here as being for graduate research training. We are requesting graduate training in a couple of other fields, and also some of the NIH research grants go into this area, too. But we are suggesting that it not be continued here.

Senator MAGNUSON. Well, how does that work?

Does a graduate of a medical school go into the public service and then use that as part of his training and get credit, or what?

Secretary WEINBERGER. I think it is training them to be in the planning area. It is training health planners.

Mr. CARDWELL. It is training planners in graduate schools and schools of public health primarily.

Secretary WEINBERGER. Our feeling is, Senator, that the——

Mr. CARDWELL. They do not have to go into public health service in order to be eligible.

Secretary WEINBERGER. That is right. We had the feeling that the demand is such for these people that there is no longer a Government subsidy needed to encourage them to go into this special field.

Senator MAGNUSON. Well, there is a great demand. It is hard to find knowledgeable people in this field in any public health activity at any level—city, county, State, or even Federal. It is a new field and I believe there is a waiting list for the graduates of the university public health schools.

Secretary WEINBERGER. Because of that we felt that there would be a sufficient number going into the schools.

HEALTH PLANNING TRAINING ACTIVITIES

Senator MAGNUSON. How many students were supported by this before? Can you furnish that for the record?

Secretary WEINBERGER. Yes. We certainly can. Not a great many, but we can get the——

Senator MAGNUSON. You are right, there have not been a great many.

Well, furnish it for the record.

Secretary WEINBERGER. We will do that. Yes, sir.

[The information follows:]

COMPREHENSIVE HEALTH PLANNING TRAINING ACTIVITIES

[Dollar amounts in thousands]

	1972		1973		1974	
	Number of students	Funding	Number of students	Funding	Number of students	Funding
Graduate training (health planners)	433	$3,245	190	$1,625		
Continuing education	440	106	1,000	950	1,100	$800
Consumer education	1,033	511	2,000	1,100	2,500	1,150
Studies and demonstrations		221		450		550
Evaluation		41				
Total	1,916	4,125	3,190	4,125	3,600	2,500

COMPREHENSIVE HEALTH PLANNING AND SERVICES

Secretary **Weinberger**. The budget maintains funding for neighborhood health centers at current levels, including those centers now supported by the Office of Economic Opportunity. We believe, however, that these centers should acquire a greater proportion of their income through private and public health financing programs. And to this end, we will propose an amendment to the Social Security Act to require that all State medicaid plans include reimbursement for free-standing clinics providing covered services to medicaid beneficiaries. This should substantially improve the neighborhood health centers' bargaining position in dealing with State and local welfare departments.

Now, with respect to maternal and child health, the funding for maternal and child health programs will remain at the current level.

Senator **Magnuson**. Before you go on, I want to point out that the OEO situation is not settled yet.

Secretary **Weinberger**. Well, the request is——

Senator **Magnuson**. There may not be any funding, or there may be some funding.

Secretary **Weinberger**. The request is for the funding and for the transfer——

Senator **Magnuson**. We will go into OEO later.

Mr. **Miller**. Mr. Chairman, I do not think the legal issue is involved in this particular line item. We have been transferring OEO comprehensive health centers for a number of years and using our own authorities, not OEO's. So I think whatever issues are involved in the OEO are not in these programs.

Senator **Magnuson**. I am as concerned with the legal question, as I am with where the money goes.

Well, we will go into that and see where we are later. Whether OEO is going to have any money or not is the question.

Secretary **Weinberger**. Well, we requested that the funds that we would normally request for them in 1974, Mr. Chairman, be requested for HEW for these programs.

Senator **Magnuson**. In other words, the budget has requested that along with the phaseout of OEO, some of its projects and programs be continued elsewhere in the HEW budget.

Secretary **Weinberger**. For all except two, Mr. Chairman; the legal services to the corporation and community action programs, we are requesting no funding.

Senator **Magnuson**. We will get into that.

Mr. **Miller**. As you know, Mr. Chairman, for a number of years now we have been gradually transferring from OEO a number of health programs, such as family planning, comprehensive health centers, and alcoholism.

Senator **Magnuson**. But whatever funds are going to exist in OEO, whatever the decision we arrive at, these OEO programs will still be in the Department and not someplace else?

Secretary **Weinberger**. That is correct. In one of two or three Departments. That is correct. Yes, sir.

Senator **Magnuson**. No. I meant HEW.

Secretary **Weinberger**. We are not taking all of the OEO programs, but we would take under our proposal all of the neighborhood health clinics.

Senator **Magnuson**. Labor has still got some?

Secretary **Weinberger**. Yes. And HUD would get some, and the new corporation would get Legal Services.

Senator **Magnuson**. Well, Legal Services are a thing apart.

Secretary **Weinberger**. But we would get the health programs, and we are requesting that funding for them at the current level in OEO be appropriated.

Senator **Magnuson**. This would be one of the items that would continue.

Secretary **Weinberger**. That is correct. Yes, sir.

Senator **Magnuson**. All right, sir.

Senator **Fong**. You are asking, Mr. Secretary, that Medicaid reimburse the regional centers?

Secretary **Weinberger**. Yes. We are asking that Medicaid include reimbursement for a clinic or a medical center that would provide covered services to Medicaid beneficiaries.

Senator **Fong**. They would provide service for them in the regional centers; Medicaid should reimburse them.

Secretary **Weinberger**. Yes.

Senator **Fong**. How many do you estimate that would be?

Mr. **Cardwell**. I will have to provide that for the record.

Senator **Fong**. Will that be a substantial number?

Mr. **Cardwell**. Well, what share of the total operating expenses of the community health centers would be financed through Medicaid and Medicare. My guess is it would be somewhere between 10 and 20 percent of the total that we have in for funding.

Senator **Fong**. Thank you.

MATERNAL AND CHILD HEALTH

Secretary **Weinberger**. "Maternal and Child Health." The funding for maternal and child health programs will remain at the current level of $244 million. In accordance with the existing law, the funds for project grants will be made a part of the formula grants beginning in 1974.

Senator **Magnuson**. The funds for project grants will be made part of the formula grant now?

Secretary **Weinberger**. That is right.

Senator **Magnuson**. What is the difference?

Secretary **Weinberger**. Well, the difference is that a project grant funds a particular project that somebody applies for; a formula grant sends the funds to the States in accordance with the formula enacted by the Congress, and the States can then make allocations themselves.

Senator **Magnuson**. But the grants to the States are increased, right?

Secretary **Weinberger**. Let me see.

Senator **Magnuson**. Well, from $125 million to $217 million.

Secretary **Weinberger**. That is correct.

Senator Magnuson. There will be no more project grants.

Secretary Weinberger. We are changing project grants to formula grants.

Senator Magnuson. Now, the project grants were——

Secretary Weinberger. They were $92 million.

Senator Magnuson. They were $92 million, so $92 million plus—it is approximately the same amount of money.

Mr. Miller. Yes. It is the same amount of money.

Secretary Weinberger. The other item that remains the same is research and training.

Senator Magnuson. The States are now going to have use of the project grants funds.

Secretary Weinberger. That is correct.

Senator Magnuson. Then it is a plan.

Secretary Weinberger. The $92 million that went to project grants would be added to the State grant of $125 million, making $217 million.

Senator Magnuson. But that is approximately the same amount of money.

Secretary Weinberger. Exactly the same.

Mr. Cardwell. This in effect is only a requirement of the law. We are carrying out that requirement. It does leave the State the option of financing the same projects should they choose to do so.

Senator Fong. They have a choice now.

Mr. Cardwell. They have a choice now.

Senator Fong. Because they would get the same amount of money. In other words, some of them were getting extra money, is that right?

Mr. Cardwell. Well, it can, State by State, vary.

Secretary Weinberger. Some of the projects, Senator, that we were awarding from here went into individual States—not to State governments, but to people who applied for them.

Because we are moving entirely to formula, under the law the project grants drop out; and so the formula will determine how the money is distributed to the States. And inevitably, because some States will not get some of the projects they had last year, some States will get more, some States will get less. The total amount of money will be the same.

Senator Magnuson. Well, I guess we are going to run into the continual running argument that some people involved in this would rather have a direct project grant than having it run through a Governor's office.

Secretary Weinberger. No question, but the law was changed last year.

Senator Magnuson. Yes, I know. But some people will feel they are losing their control over the direction of programs. Let's be honest with ourselves, there is always a continual political feud going on between the people in the State House and the local people.

Secretary Weinberger. The local people used to apply to us for——

Senator Magnuson. I never decided who was right or wrong yet on that, but that goes.

Secretary Weinberger. But what we are doing is complying with the change that was made last time.

FAMILY PLANNING

"Family Planning." The budget maintains current levels of funding in the family planning project grant programs, including projects formerly supported by OEO. But we do expect a substantial expansion in the services actually delivered.

The social security amendments enacted last year increased the Federal matching rate for family planning services under medicaid and Social Services to 90 percent, and also provided a penalty for any State that failed to establish a family planning program under these authorities.

Senator **MAGNUSON**. So there again, OEO will be out of this program.

Secretary **WEINBERGER**. That is right, but their money will be requested for HEW.

Senator **MAGNUSON**. The money will be in HEW.

Secretary **WEINBERGER**. That is right, at its current level.

We believe that this new stimulus will facilitate continued progress toward achieving the President's goal of providing family planning services to all women who want but cannot afford them.

DRUG ABUSE

Drug abuse. The special efforts under the general leadership of the Special Action Office on Drug Abuse Prevention will be continued and expanded in 1974. Evidence so far available indicates that this effort is having a significant impact on drug addiction. Preliminary indications are that up to 50 percent of drug addicts will volunteer for treatment if adequate treatment services are available, including detoxification, methadone maintenance, rehabilitation, and after care services.

Senator **MAGNUSON**. Well, when you speak of the Special Action Office of Drug Abuse, is that the one we set up down there with Dr. Jaffe?

Secretary **WEINBERGER**. Yes, sir.

Senator **MAGNUSON**. And the money will go to him?

Secretary **WEINBERGER**. It goes to the individual units, but Dr. Jaffe's office coordinates both their budget applications and the administration of their programs.

Mr. **MILLER**. The money in this budget though is appropriated to the National Institute of Mental Health.

Senator **MAGNUSON**. Oh, it is?

Mr. **MILLER**. Yes.

Senator **MAGNUSON**. And that is up over last year?

Secretary **WEINBERGER**. Drug abuse, yes, sir. That is up from $241 million to $448 million for 1974.

Senator **MAGNUSON**. And the community health centers are a separate budget?

Secretary **WEINBERGER**. That is correct.

Senator **MAGNUSON**. Mr. Dirks is advising me that Jaffe has his own budget.

Secretary **WEINBERGER**. He has his own.

Senator **MAGNUSON**. Oh, that is in Treasury and Post Office appropriations.

Secretary Weinberger. That is mostly a coordinating budget for the drug abuse program.

Senator Magnuson. I remember. It was supposed to be separate, but I was hoping they would get their money through this committee, so that we could coordinate these things a little better.

Secretary Weinberger. Well, Dr. Jaffe would be delighted to come out here. I would request him to do so, and I am sure he would be glad to talk to the committee.

Senator Magnuson. We will have him up here and see how he is going to coordinate with his money.

Secretary Weinberger. We still appropriate through Justice, through Treasury, through HEW; but Dr. Jaffe is supposed to have the coordinating function over all of that; he has been exercising it, and he also has even been getting into——

Senator Magnuson. Well, I think that is good to coordinate things. I think that is what we wanted to do.

Now, most of this money goes to the States, or to projects?

Secretary Weinberger. The bulk of this money goes into community programs; grants to States are $30 million, community projects are $87 million.

Mr. Miller. That includes the community health centers.

Senator Magnuson. But it can go to local government?

Secretary Weinberger. Oh, yes. They are grants to States which, in turn, can pass them through to local governments. I do not know that we make grants below the State level. I think some of the project grants would go to units below that. And some of the project grants, of course, have gone into community mental health centers.

And we are, as you know from our previous testimony, requesting that new starts not be held in that area.

Senator Magnuson. All right.

Now, in some OEO programs—I do not know how many—they would set up a drug abuse center, a rehabilitation center mainly—what they call halfway houses. And in some cases—I know they did in my State—they would join with the county OEO.

Now, what happens to a project like that?

Mr. Cardwell. Those projects could remain in place.

Senator Magnuson. They could possibly remain?

Mr. Cardwell. In fact, the money available for those OEO activities that would be transferred to HEW actually goes up in 1974 to $20.8 million, compared with $15.5 million for the prior year.

Senator Magnuson. The cities and counties and OEO people have sometimes joined together to set up these centers—and the cost has not been very much. Sometimes the county or city would throw in a little money, or they would donate the building or the facilities, and then the OEO would operate the program.

We want to clear up how these shifts in funding will affect these programs. If they could still operate, they would operate through you people though.

Mr. Cardwell. And Dr. Jaffe's office.

Senator Magnuson. And Dr. Jaffe's office.

Mr. Cardwell. Because no program can be established, or continued for that matter, without Dr. Jaffe's office.

Senator **Magnuson.** All right. We will clear up for the record later just how that works, or how your suggestion for that works.

ALCOHOLISM

Secretary **Weinberger.** Because of the rapid buildup in the last couple of years, the Department's alcoholism program now funds 469 projects in communities across the Nation. These will be maintained in 1974.

These projects have gone a long way toward creating a kind of national awareness needed to overcome the problems of alcoholism. They have created substantial new capacity, but the real test will occur at the local level. We are hopeful that the results of the federally funded projects will be incorporated, both in community-initiated efforts and in projects begun with the Federal formula grants to the States.

Senator **Magnuson.** Now, there again, we have to clear this up. In some cases you have a county, particularly in a large county, and I will use the one I know about, as an example: King County, Seattle. King County has a farm, and it is mainly used to take people who are alcoholics out of the county jails and city jails.

Now, the county does finance part of it, at least. OEO may have been in it. Are they eligible under the new policy, or do they have to go through the State?

Mr. **Cardwell.** Well, project grants made with the community mental health center or made with any other community organizations can be billed from the Federal Government to that organization at the county level.

Senator **Magnuson.** I am not talking about the money involved. Your proposal does not rule out project grants, does it?

Mr. **Cardwell.** Well, except for those that would be carried on as continuations of the OEO project grants. They would be continued on.

Secretary **Weinberger.** The other project grants primarily go to the community mental health centers. And we are, as you know from our previous testimony, recommending phasing those out, and recommending that the authority be granted to honor the Federal commitments for the remainder of the 8 year promise that was made.

Senator **Magnuson.** I understand that, but it is pretty hard to develop a statewide operation when grants are only made to county centers that already exist.

Secretary **Weinberger.** Well, the States typically would make grants to counties or to these community mental health centers that they would continue. That is the way we have done it in California, and I would think that would be the way most States would do if they wanted to pick this up.

Senator **Magnuson.** And would you anticipate the States would have to look at the county and city centers one by one?

Secretary **Weinberger.** What they would probably do would be to continue the community mental health centers under the State—with the State substituting for the Federal financing for new starts. We will honor all the 8-year commitments we have.

COUNTY INVOLVEMENT IN STATE FUNDING

Senator **Magnuson**. How does the county get involved in it?

Secretary **Weinberger**. Well, the counties typically would establish a community mental health center and then request funds from the State.

Senator **Magnuson**. And work through there.

Secretary **Weinberger**. Yes. That is what we did in California.

Senator **Magnuson**. In other words, if King County would establish a county mental health center they could apply.

Secretary **Weinberger**. Yes.

Senator **Magnuson**. And part of their operations would be a center for alcoholics such as the farms and things of that nature?

Secretary **Weinberger**. Yes. And those could be funded by State.

Senator **Magnuson**. But I want to clear for the record, you do not recommend any single new one.

Secretary **Weinberger**. That is correct.

Senator **Magnuson**. All right.

Secretary **Weinberger**. We recommend continuing the formula grants.

Senator **Magnuson**. This is a point that bothers me considerably. I do not think the figures show that the number of alcoholics is dropping any in the United States. Alcoholism is becoming more and more of a problem; and I am hopeful that we would have some program to find better ways to overcome this.

Secretary **Weinberger**. We do have, of course, a research and training program that continues at a little higher level than last year. And that one we are proposing for continuation.

Mr. **Cardwell**. Well, in fact, if you take the total HEW budget, it shows an increase over the prior year. It goes from $108.8 million to $171.6 million, an increase of $62.7 million. Forty-six million dollars of that is related to the out-year costs of the community mental health centers which we discussed previously.

Figures of that net program add an increase of some $60 million.

Senator **Magnuson**. Well, I am not being critical of the funds. Congress has consistently supported these programs, not you people in the Department. It was Congress that went over your budget request and put in the funds for this.

But it seems to me that closing the door on new operations in this field is not the thing we should be doing.

Secretary **Weinberger**. I think we are only saying no new federally supported operations, Senator. It is still possible under the funds that we would be sending out for the States to——

Senator **Magnuson**. Some of these places cannot set up these programs themselves or do not do it. They do not pay the attention to this that they should.

You take a county commissioners meeting for their budget. These alcoholism centers would be the lowest priority on some of their items. They are thinking about roads and courthouses and bridges, and that sort of thing.

Secretary **Weinberger**. I think it is difficult for us in the Federal Government always to have the responsibility for correcting, as we might see it, the priorities assigned by State and local government.

Senator MAGNUSON. There are a lot of good private institutions in the United States who do a great job, but that is just too darn costly for a family that might have a member of their family with this problem to pay for. And these private institutions have done a fine job—I suppose you people down there know none of their systems. The Shaddell system out on the west coast, for example. They operate out of Seattle. They are a large operation. And they have a surprisingly high rate of recovery, a high percentage that recover and do not go back, as far as they can keep track of them.

Well, we will go into that. But I am considerably concerned about the fact that there are no funds for any new centers involved, or even the possibility of any new ones.

All right.

ST. ELIZABETH'S HOSPITAL

Secretary WEINBERGER. Under direct medical care, we are, as you know, recommending for the second or third year that we should transfer St. Elizabeth's Hospital to the District of Columbia; and our budget has been prepared on that assumption.

Senator MAGNUSON. I think we will put that in the record. I think we understand what this problem is.

[The information follows:]

TRANSFER OF ST. ELIZABETH'S HOSPITAL TO THE DISTRICT OF COLUMBIA

During the current fiscal year, legislation will be submitted transferring program and fiscal control of the Hospital from the Federal Government to District of Columbia. Under the terms of the forthcoming transfer, the District will budget for and justify the operation of the Hospital under its own appropriation. An appropriation of $38,000,000 for a Federal payment to the District is proposed for FY 1974.

The District of Columbia will assume a gradually increasing share of the costs of operating St. Elizabeths Hospital. Ultimately, the Federal share of the operation will be limited to reimbursements for the treatment of Federal beneficiaries.

TRANSFER OF HOSPITAL TO DISTRICT GOVERNMENT

Secretary WEINBERGER. All right, sir.

Public Health Service hospitals. As you know——

Senator MAGNUSON. Going back to St. Elizabeth's—if the transfer is completed, it will mean that the District will be in charge of the hospital.

Secretary WEINBERGER. That is correct.

Senator MAGNUSON. But the District obviously is going to come to us for funds to help them run it.

Mr. MILLER. There will be a Federal subsidy, whether it will be in the District of Columbia appropriation, or HEW appropriation.

Secretary WEINBERGER. It is just that this is the only major hospital the Federal Government is running, and we think it can be integrated with District services a lot better if it is under the District Government.

Senator MAGNUSON. It has no place to go but up.

Secretary WEINBERGER. That is right.

PUBLIC HEALTH SERVICE HOSPITALS

Secretary **Weinberger**. On Public Health Service hospitals, as you know, our long term goal is to turn the hospitals over to community management and use. We believe that the statutory beneficiaries will be better served if care is provided on a contractual basis with local community hospitals. In advance of working out an agreement for the transfer of the facilities, we are developing a plan for terminating in-patient care by the end of this fiscal year.

Again, our main concern is to foster more efficient use of our community facilities. In any case, in carrying out these plans we have adhered to the provisions of the Emergency Health Personnel Act, which specify the steps for notifying Congress prior to making these changes.

Plans for six of the eight facilities have now been submitted to the Congress.

Senator **Stevens**. Mr. Secretary, you do not include the Indian Health Services facilities in the Public Health Service records, do you?

Secretary **Weinberger**. No. These are the Public Health Service hospitals. The Indian Health Services continues. I believe we are requesting more money for that.

Senator **Fong**. Has there been any phasing out of Public Health Service facilities previously?

Secretary **Weinberger**. Yes, sir. We have moved from 30 to 8 hospitals over the past 6–8 years, I guess. And we are suggesting that the remaining eight be closed out initially by transferring the in-patient care to contractors—community hospitals for the most part.

Senator **Fong**. You are just finishing the plan now?

Secretary **Weinberger**. We are trying to. Yes.

Senator **Magnuson**. They are trying to. They have not finished it yet.

Secretary **Weinberger**. I might say, every President since President Eisenhower has requested that this request be followed.

Senator **Magnuson**. I, of course, have one of the largest ones left.

Mr. **Miller**. Staten Island, sir.

LEUKEMIA RESEARCH

Senator **Magnuson**. The Indians have a clinic out there that they use. Probably the most exciting cancer research going on in the United States in leukemia is done at that facility, with some 110 people from the University of Washington there.

Secretary **Weinberger**. That cancer research program is to be continued in the Providence Hospital.

Senator **Magnuson**. Yes, I know, because we insisted on it. But what we were going to do with it ultimately is move it to the Hutchinson Cancer Research Center. The Public Health Service people made a complete mess of it. We set up an ad hoc committee—Dixie Ray was one of the members—to see what we might do for the turnover or transfer.

HEW gave them, I think, 10 days to make some plan; and they could not come up with a plan that quickly. They asked to work with the legislature, which was not in session. This session gave nothing in the way of aid.

There is also clear evidence that contracting out the in-patients is going to cost you more money than keeping them there for a reasonable time until we can have a decent phase-out.

Secretary **Weinberger**. Senator, the problem is that nationwide, with the 8 remaining hospitals, the cost of bringing those hospitals up even to minimal standards is substantially more expensive than contracting out. If you just look at operating costs, it is close to even; but if you add in the amount of capital improvements that have to be made——

Senator **Magnuson**. They are taking care of them now, and they do not need any funds except for regular maintenance to keep them. I do not know where the Indian clinic is going.

STATUS OF IN-PATIENT CARE

Secretary **Weinberger**. We are not planning to phase out the clinics, nor the Indian Health Service. That remains. But it is the in-patient care that we are talking about; and the problem is it is not ordinary maintenance that will do it. We have compliance with fire laws. We have earthquake, seismic problems with some of the hospitals. And there are major capital improvements needed if it is to continue as a federally delivered health service.

Senator **Magnuson**. Well, up until 2 weeks ago they had not even contacted the hospitals; there are no formal contracts made. Yet, you threatened to close the hospitals on July 1. There is no contract made yet, and the other hospitals are not quite that empty around there, that can take care of all the public health hospital patients too. They are squeezing in some—I think the good sisters at Providence are going to take 20 or 25 patients——

Secretary **Weinberger**. There are contractual arrangements made.

Senator **Magnuson**. Swedish was going to try and take 10, but you cannot get into Swedish and I just think you are moving too fast on this, and I am speaking of my own case in Washington State.

Now, I participated and helped out in the closure of some hospital at a time when we had so many. The merchant marines were getting fewer and fewer and did not need to use their hospitals. I just do not see the rush on closing the Public Health Service hospitals, particularly the one in Washington. There may be some others which should be closed. They are holding other hearings on this are they not?

Secretary **Weinberger**. Yes, sir. We were before the House Merchant Marine Committee on Friday at considerable length.

Senator **Magnuson**. I am not too familiar with the merchant marine situation. But I just cannot understand these cut backs in hospitals which are needed and are doing fine cancer research. And then you are also cutting 25 percent from the Hutchinson Cancer Center when you are pushing research in this area. And just when we are trying to transfer these laboratories there.

CANCER RESEARCH CONSTRUCTION

Mr. **Cardwell**. Mr. Chairman, on the Hutchinson construction item, that is a direct result of the Advisory Council which has reviewed the cancer initiative, recommending to the National Cancer Institute that they shift down a little bit from their concentration on construction. And that is the general recommendation across the board.

We will get back to you and look at the effect of that specifically on Hutchinson; but it is not just an arbitrary cutback.

Senator **Magnuson**. Well, I understand there is a lot involved, but it seems to me that the effects on individual centers have got to be looked at. We have obligated a great deal on cancer research and we can't just back off in midstream.

Now, here is one of the cancer research centers with the highest potential thrown out at the Public Health Service hospital and trying to move to Hutchison Center, but construction funds are cut. Now, how can you justify that?

Secretary **Weinberger**. Well, Senator, it is not necessary for the success of the cancer research going on in Seattle that it be done under the auspices of a federally operated general hospital. What we are trying to do is close the federally operated general hospital, but obviously, not terminate a hopeful or promising cancer research program. In fact, we are increasing cancer research. It is a question of maintaining the two together that we are addressing this morning.

There is no need to have the cancer research done in a federally supported general hospital.

Senator **Magnuson**. Well, why cut down the construction funds? You are going to construct the clinic anyway, and the longer you delay it the worse it is for the whole cancer program in that area. And second, when you do come back here asking for the money, the costs will have gone up.

I do not understand the holdup, for that small amount.

Mr. **Cardwell**. Well, the construction cutback on special cancer clinics, as a part of the cancer initiative, reflects a recommendation of the Advisory Council which said, of the total money, we are putting too much money into construction.

Senator **Magnuson**. I know the Advisory Council. They delayed the location of the clinic for 2 long years, having a fight between Portland and somebody else; and here are people dying of cancer.

USE OF ESTABLISHED FACILITIES

Secretary **Weinberger**. Well, the research, Senator, can go on. The construction we are trying to reduce to the extent we can around the country so the bulk of the money can go into actual research; because there are a lot of facilities that could be utilized rather than building new ones. And that is the thrust of the budget.

Senator **Magnuson**. Well, this is something different. I would not have helped sponsor it if I hadn't believed we needed it. Any cancer person will tell you that Dr. Hutchinson is unique in this field. He has got a worldwide reputation.

Secretary **Weinberger**. Oh, yes. No question about it.

Senator **Magnuson**. And it seems to me it is just utterly foolish to slow up construction of a cancer institute when we have got a so-called crash program on cancer, and knowing we can do it.

This would be research——

Secretary **Weinberger.** The crash program on cancer is for research. It is to try to develop a cure, and we do not think you do that through construction. Some you may need, but we do not——

Senator **Magnuson.** You have got to have the research building. We have not got the place.

I do not consider an institution of this kind, no matter where it is, to be the same as construction in some of the hospitals you cut out. It should not have been thrown in the same category.

Mr. **Cardwell.** We do not either.

Senator **Magnuson.** I have got a list of them here.

Mr. **Cardwell.** We are continuing construction support for special cancer initiatives. The issue is what should be the aggregate level of that. Should it be as great as the sum of all the proposals that have been received from the various applicants. The National Cancer Institute reasoned that it should not, discussed it with the Council, and the Council said you are right. Let's pull back a little on construction.

It had nothing to do with the issue of whether we are prepared to spend or not. It had to do with the National Institute's view of the proportionate share that should——

Senator **Magnuson.** You mean they take a view that this should be slowed up, the Cancer Institute. Well, that's a fine view when we are appropriating hundreds of millions for a crash program.

Mr. **Cardwell.** The Government-wide——

Secretary **Weinberger.** It is a construction program.

Senator **Magnuson.** Well, you have got to have some construction.

Secretary **Weinberger.** Yes, you do, Senator, but not as much as has been planned because there are a lot of facilities that can be used. I think the bulk of the money would really be better spent if it is devoted to research and development of new potential cures.

Senator **Magnuson.** Well, that is no argument for this one institution. How much is involved here?

Mr. **Cardwell.** Under $1 million.

Senator **Magnuson.** Under $1 million. And I assume that we want to finish that as soon as possible, not to slow it up.

HUTCHINSON PROJECT

Mr. **Cardwell.** We have asked the National Cancer Institute for an opportunity to meet with them to talk with them about the Hutchinson project, how it fits within their overall policy. We will meet with them, and we will report back to you.

Senator **Magnuson.** It could result in a year's delay.

Mr. **Cardwell.** We will look into it and report back to you.

Secretary **Weinberger.** The problem, Senator, is it is $300,000 for this one; but there are a great many other similarly situated people throughout the country; and when you add all those together, it is considerably more than just the one grant. But there would be no proper way of turning down anyone else, if this one $300,000 grant was made.

Now, we do have a letter here from Dr. Hutchinson that indicates that he is able to proceed, and that he appreciates very much the award of the $913,000 that was granted. He said, "We plan to proceed with the project essentially as it is shown in the design development drawings and described in the program narrative forwarded to Mr. Nassau on January 30. A number of changes have been made which resulted in significant cost reductions in the estimates provided by our letter of February 28. These changes will be reflected in construction documents which will be forwarded in early June. A revised cost estimate is under preparation for being provided at that time. Although it is expected that the estimate will exceed the budget, I plan to provide additional matching funds to underwrite project costs."

And then he says, "I certify that non-Federal matching funds of at least 25 percent of the eligible NCI project costs are available at this time." Signed William B. Hutchinson.

Senator **Magnuson**. I did not get that information. I got the information it would be slowed up.

Now, some of these other institutions here that you have cut back—Howard University for example, do they have a cancer program?

Mr. **Miller**. Yes. They did award one of the research centers to Howard. I do not know whether it has been cut back or not.

Senator **Magnuson**. Yes, you have cut it back. I have got the list here.

Secretary **Weinberger**. I would guess it is the construction portion.

Senator **Magnuson**. And then you have got Los Angeles County, and you have got Scripps down there, UCLA; and you have got the Rockefeller University—well, they can take care of themselves, I am sure.

[General laughter.]

Senator **Magnuson**. Sloan-Kettering, that is very famous.

Secretary **Weinberger**. These are the construction portions of the cancer research program. We have made some adjustments, or slowing down, as you say, in construction so as to have more money for research this year. And what we want to do is to try to get into the cures, rather than just use the money for buildings.

Senator **Magnuson**. If you can make some arrangement that will not slow up the goal, the construction date, then it is all right with me.

Secretary **Weinberger**. Well, fortunately, Dr. Hutchinson has been able to make that kind of an adjustment.

Senator **Magnuson**. He had to make some revisions.

Secretary **Weinberger**. Only ones that I think he agrees with, I gather from his letter; because he did say, "We plan to proceed with the project essentially as it is shown in the design development drawings and described in the program narrative forwarded to Mr. Nassau on January 30, 1973. A number of changes have been made with result in significant cost reduction."

The project is essentially as it is shown, and he said he will provide additional matching funds.

Senator **Magnuson**. He had to make the changes. What else could he do?

Secretary **Weinberger**. Well, they may have been changes that were not adverse to the project. Some changes in additional architects' designs are not all that bad, Senator.

Mr. **Cardwell**. We will furnish the committee with a letter reviewing the whole matter, the share of the money going into construction versus that going into direct research, and put the whole matter in perspective.

[The information follows:]

National Cancer Institute*

(In thousands)

	1973	1974
General research	$377,093	$480,000
Construction	49,000	20,000
Total, NCI	$426,093	$500,000

* Letters were sent to Congress May 22, 1973, for the reprogramming in 1973 of $11,000,000 in construction to other areas of the cancer program. In the event the reprogramming takes place, the following amounts will be spent in 1973:

General research	$388,093
Construction	38,000
Total, NCI	$426,093

THE FRED HUTCHINSON CANCER RESEARCH CENTER
1102 Columbia Street
Seattle, Washington 98104

April 27, 1973

George E. Jay, Jr., Ph.D.
Chief, Research and Training Facilities Branch
Division of Cancer Grants
National Cancer Institute
National Institutes of Health
Bethesda, Maryland 20014

Dear Dr. Jay:

Please refer to your letter 1 COb CA 14501-01 of April 23, 1973.

While I regret that the National Cancer Institute is unable to fund the construction grant application at the anticipated level, the award of $913,250 will be acceptable and sincerely appreciated.

We plan to proceed with the project essentially as it is shown in the design development drawings and described in the program narrative forwarded to Mr. Massa on January 30, 1973. A number of changes have been made which result in significant cost reductions in the estimate provided in our letter of February 28, 1973. These changes will be reflected in the construction documents which will be forwarded in early June for review and approval. A revised cost estimate is under preparation and will be provided at that time. Although it is expected that the estimate will exceed the budget, I plan to provide additional matching funds to underwrite project costs.

I certify that nonfederal matching funds of at least 25% of the eligible National Cancer Institute project costs are available at this time.

Sincerely yours,

Wm. B. Hutchinson

William B. Hutchinson, M.D.
President and Director

April 23, 1973

Our Reference: 1 C06 CA 14501-01

Dr. William B. Hutchinson
President and Director
Fred Hutchinson Cancer Research Center
1102 Columbia Street
Seattle, Washington 98104

Dear Dr. Hutchinson:

This letter is to inform you that the National Cancer Institute can award up to $913,250 for the construction grant application referenced above. Since this is below the approved level of $1,217,667, you will undoubtedly need to seek additional matching funds and/or modify the scope of the proposed project.

If this funding level is acceptable and you wish the NCI to proceed with an award, we will need the following:

1. A brief statement outlining how you plan to proceed.

2. A certification that nonfederal matching funds of at least 25% of the eligible costs are available.

If you have any questions or need additional information, please call me on Area Code 301 - 496-7141.

Sincerely yours,

George E. Jay, Jr., Ph.D.
Chief, Research and Training
Facilities Branch
Division of Cancer Grants
National Cancer Institute

LOCAL CONTRIBUTIONS

Senator Magnuson. Well, he was anxious to agree to it so he could get his $900,000 and finish it.

Secretary Weinberger. Well, he had that.

Senator Magnuson. Yes. He had that. And then there is the very substantial local contributions. Somebody is always giving a benefit, and the proceeds go to the Hutchinson Center.

Secretary Weinberger. Well, it is a very hopeful program, and he has a worldwide reputation. As you say, there is no problem about that at all. It is just a question of how much of the $500 million is used for buildings and how much for research.

Senator Magnuson. I will go into it later. I may put it back in the bill. I do not think it would get vetoed over $300,000. Then he can go ahead with his plans, what he wanted. Of course, he is naturally going to cooperate. I guess it is a committee that works on it.

Secretary Weinberger. I would doubt if he would reverse all the cost production changes he made if he can get the same kind of building that he wanted, which he says in this letter he can.

Senator Magnuson. Well, we will give him a little leeway. He probably would not spend it anyway, but he has got it there. Maybe by that time the impoundment suits will be settled.

All right.

Now, on the PHS, the Merchant Marine Committee, as I understand it, is holding hearings.

Secretary Weinberger. The House is. Yes.

Senator Magnuson. And I hope they will come to some conclusion before we——

Secretary Weinberger. Many of them had reached a conclusion before they held hearings.

Senator Magnuson. Well, that is typical of both branches of Government.

All right.

"Health Manpower."

Secretary Weinberger. Yes, sir.

HEALTH MANPOWER AND SPECIALIZED TRAINING PROGRAMS

In light of our general student aid initiative, discussed later in the education section, we have reassessed the need for specialized academic health training programs. This assessment leads us to recommend that the research program with the National Institutes of Health and the special training programs of Health Services and Mental Health Administration be phased out.

Continuation support for students already enrolled in approved training programs will be provided, but no grants will be made to new students. Our broad student assistance programs, together with salary scales in these professions and individual student motivation, should produce an adequate supply of this kind of trained manpower.

The budget does, however, retain some special Federal support for the health professions, particularly physicians and dentists.

Senator Magnuson. Well, now, spell out just what that is.

Secretary **Weinberger**. Well, for physicians and dentists we are going to continue at the level of 100—well, we are going to move up from $138 million in the present budget to $152 million in the 1974 request. But with the others—the veterinarians, and pharmacists, and podiatrists, and optometrists—we would not request capitation or special subsidized educational funds in the 1974 budget. We have $13 million in our revised 1973 request.

Senator **Magnuson**. Well, the Federal support you are talking about is capitation?

Secretary **Weinberger**. The Federal support we are talking about for doctors, osteopaths, and dentists increases from $136 million to $152 million; and it is in the form of capitation grants, yes, sir.

Senator **Magnuson**. Now, does that include physicians' assistants training, or dental assistants?

Mr. **Miller**. Well, primarily that is supported through special project grants, Mr. Chairman. There $34 million in 1973 and 1974 in that.

Senator **Magnuson**. What have you got in special projects grants? You cut that down, did you not?

Secretary **Weinberger**. No. It remains level in 1974 over 1973.

Senator **Stevens**. I would like to ask a question about this, Mr. Chairman.

Senator **Magnuson**. Yes.

Senator **Stevens**. It seems to me that doctors and dentists and professional people have the greatest opportunity to recoup their investment in their education, and the nurses have the least. They are at the low end of the medical income structure, and yet, as I understand it, scholarships for nurses are going to be reduced and direct loans maintained. But at the same time the institutional support for nursing activities is cut by more than 50 percent; and traineeships for nurses are absolutely eliminated.

Now, how can you justify that?

NURSE TRAINING

Secretary **Weinberger**. Well, the basic justification, I think, for that, Senator, is that the feeling is that with the numbers now enrolled, with the demand that we can foresee, and the proposals that have been made for more paramedical type assistance persons with less lengthy and expensive training to do some of the work, we will have a sufficient supply without Federal subsidies being required.

Senator **Stevens**. But for doctors and dentists the 1972 level appropriation was $20 million; the vetoed bill had $42 million in it; and now you are up to $46.5 million, which is higher than the vetoed bill. And with regard to the nurses, there is a substantial cut from the 1972 level.

Secretary **Weinberger**. No. I think the $46 million is in the educational initiative award.

Mr. **Miller**. Which is available to nurses, Senator Stevens. Nurses can compete for that money.

Mr. **Cardwell**. I think I could elaborate on Mr. Miller's answer. Our estimates of what will happen to the supply with or without incentives, show that we would not obtain the necessary supply of physicians and dentists without the incentive, but we may well, in the case of nurses.

Senator **Stevens**. Well, I do not know anyone who needs an incentive. A young doctor right out of medical school going into Anchorage gets a guarantee of $50,000 his first year. A nurse moves in there and gets about $8,000 to $10,000 a year, which is below the average income in the area.

Secretary **Weinberger**. Well, of course, that is the kind of guarantee that is made by a local institution to bring them up there; but as far as the nursing supply is concerned, we believe that we will be able to achieve the necessary numbers without special Federal subsidy for the education.

There are flexible programs under which we do have the ability to try to redress the imbalances in certain parts of the country that are underserved medically; and we, of course, intend to use those to insure that everybody does have as much service as possible.

We have the Health Corps, the National Health Service Corps, and other programs that are designed to do just that.

Senator **Stevens**. It appears to me we are reducing the scholarships for nurses considerably, but maintaining the loans at the same level.

Secretary **Weinberger**. Yes. The direct loan program is maintained, and the scholarship is recommended for the reduction. And again, this is part of the basic idea of trying to put the bulk of the money that is, of course, limited, toward a higher priority, direct student assistance from the Federal——

Senator **Stevens**. I would think that direct grants would be more consistent with the basic opportunity grant concept than direct loans.

Secretary **Weinberger**. Well, of course, they have to qualify for those in some institutions, and that is proposed for a very substantial increased funding, as you know, up to $1 billion in the 1974 request.

Senator **Stevens**. But are not the education initiatives that you are talking about also grants?

Secretary **Weinberger**. The educational initiative is. The basic opportunity grant is a grant program, and nursing students are eligible for it.

Senator **Stevens**. It seems to me that a nurse has lesser opportunity to repay a loan than a doctor does.

Secretary **Weinberger**. Granted. That is correct, Senator. That is one of the reasons that led us to introduce the BOG program, the basic opportunity grant. And a nursing student would be eligible for this. We are requesting funding for it at a sharply increased level, just about $1 billion.

Senator **Magnuson**. BOG got $900 million and something.

Secretary **Weinberger**. Yes, sir; $987 million.

Senator **Magnuson**. Why do you cut out traineeships? There is so little for nursing, $11 million—I do not understand it. It is embarrassing.

I do not think your premise that there is enough of these assistants and nurses and trainees available—We know there are not enough doctors and dentists.

Secretary WEINBERGER. I think the traineeships were recommended for elimination because of the desire to shift to the direct student aid that we have been talking about, rather than passing it through the institution where we do feel that a substantial amount is lost in overhead.

Senator MAGNUSON. Following the BOG theory?

Secretary WEINBERGER. Yes, sir. You see, the nursing students are eligible for applications under BOG, and if you increase one, we felt we had to decrease some of the other approaches.

Senator MAGNUSON. For the record, we know that BOG applies to the general education across the board, higher education.

Secretary WEINBERGER. Right.

Senator MAGNUSON. Is the capitation for medical students different?

Secretary WEINBERGER. Yes.

Senator MAGNUSON. It is?

Secretary WEINBERGER. Yes, and it is in addition to the BOG program. It is $152 million in addition to the almost $1 billion that we requested for the BOG.

Senator MAGNUSON. Well, would it be the same for nurses going to school?

Secretary WEINBERGER. No. The nurses would make application under the BOG program.

Senator MAGNUSON. And the assistants and trainees would?

Secretary WEINBERGER. Well, first of all, we recommend eliminating all continuing commitments. We have asked for funds to do that.

Senator MAGNUSON. Well, if a trainee is in school, why would he not be eligible for BOG?

Mr. MILLER. If he is an undergraduate. BOG's are available to undergraduates, not graduates. Many nurses in nursing schools are eligible for BOG's because they are at the undergraduate level.

Senator MAGNUSON. But not trainees that train in a hospital?

Secretary WEINBERGER. I think not. No, sir.

Senator MAGNUSON. No; and that is where your great pool of nurses comes from.

Secretary WEINBERGER. Well, the nurses——

Senator MAGNUSON. They are trainees in a hospital.

Secretary WEINBERGER. Well, if it is a nursing school, they would be eligible for BOG.

Senator MAGNUSON. If a private hospital such as Providence or Swedish had an adjunct nursing school, they would be eligible just like a university?

Secretary WEINBERGER. Yes, yes.

Senator MAGNUSON. Because most nurses come from—well, they are actually trainees in a hospital.

Senator STEVENS. That is right. There are no schools.

Senator MAGNUSON. And if there is no school, they are not eligible.

Secretary WEINBERGER. They are eligible to apply to a school that is in existence.

Senator STEVENS. That is great, Mr. Chairman, but there is not one in Alaska, and I do not think there are many in some of our small States.

Senator **Magnuson**. What if the Anchorage Hospital wanted to build a new wing for a training school for nurses now to start in. Would they be eligible?

Secretary **Weinberger**. I think, of course, it would depend on whether or not that new wing or new unit that you mentioned could be classified and defined as a nursing school, and that would be obviously a matter in which I think they would want to give the most liberal interpretation possible.

Senator **Magnuson**. But not a school in the sense it is a separate school.

Secretary **Weinberger**. That is right.

Senator **Magnuson**. But it is just educating people, and they are actually going to go into at least some kind of nursing school.

Secretary **Weinberger**. Well, the way the BOG's program is proposed to be administered, the States themselves would have a very considerable discretion over what is or is not a school, and also over general administration of the program.

So what we would do with the BOG's program is fund the student directly, and what he does with the money, whether the institution to which he wants to put the money is accredited and all of that, is very largely up to the State.

Senator **Magnuson**. But the man or woman is actually in training; and they are actually learning. They are being educated.

Secretary **Weinberger**. Yes. I do not think that there is anything in the BOG's program that would forbid their funding that sort of an opportunity.

Senator **Magnuson**. Well, in Alaska where could they go?

Senator **Stevens**. They would have to attend the community college. We will create a course there, and they will be enrolled in the community college but work out of Providence Hospital.

But it is still just a fiction in order to comply with their program.

Secretary **Weinberger**. Actually, Senator, it is not. The dollars going to the student, instead of being lost in administrative or overhead costs, constitutes a major change.

And if the students who are funded under the BOG program go to the community college and take their work at the hospital it would be not a subterfuge. It would be a fulfillment of the basic goals of that program under which the students get the dollars and no money gets lost in overhead or administrative costs.

Senator **Stevens**. But Mr. Secretary, the hospital is still going to have overhead costs to take care of students. You know we have interns in our offices. We have to add to our overhead cost to take care of our interns. The situation is the same in that hospital.

Secretary **Weinberger**. But the tuition program, which is the contract which the community college would make with the hospital, would take care of that. There would be no suggestion that the college had to educate the students free. This money is for tuition, and it would be paid by the students to the college; and the college could make a contract with the hospital for the training. That is the normal way in which it is done.

Senator **Stevens**. That is interesting. How would you do that with a State school?

Secretary **Weinberger**. Well, it is done now all the time. That is the kind of arrangement under which community colleges secure specialized training for their nursing students. They make a contract with a local hospital.

Senator **Stevens**. Thank you. We will investigate it and see how it operates.

Secretary **Weinberger**. All right, sir.

Senator **Magnuson**. Well, I do not throw the BOG program, I mean I do not just throw it out of hand. I think that maybe we are going to be getting on the right track. But what is going to happen is how far is it going to reach, and how it is going to be interpreted, and the time element involved if it is going to function efficiently.

Now, it seems to me that BOG ought to reach into any place where they are training people in health, whether it be private, or public, or in conjunction.

Secretary **Weinberger**. I think as long as it is an undergraduate program, that is the case.

Senator **Magnuson**. Because what we would need is to get this health manpower program moving.

Secretary **Weinberger**. That is right. And as you say, the graduate portion of physician training is funded separately; so anything that is in the undergraduate classification—and nursing is—would be covered by it.

Senator **Stevens**. Is it correct that there will be no additional grants for construction under the nursing program?

Secretary **Weinberger**. That is correct.

Senator **Magnuson**. Zero.

Secretary **Weinberger**. That is right. And there were none in 1973, and we are requesting none in 1974.

Senator **Stevens**. What is this public health institutional support traineeships?

Secretary **Weinberger**. I'm sorry. Which did you say—the public health?

Senator **Stevens**. Institutional support. In fiscal 1972 it was $18.9 million, and last year it was $15.5 million.

PUBLIC HEALTH TRAINING

Secretary **Weinberger**. Well, there were two there. There was student assistance and institutional assistance, and we are recommending again that the public health student subsidy not be funded because we believe that the number of students who want to take this and the arrangements they can make themselves will produce a sufficient supply without Federal subsidy.

Senator **Stevens**. Are those the people that were entering traineeships under the stipulation that they would go into public health facilities following their education?

Secretary **Weinberger**. No. They did not have any such requirement. In this program the Federal Government paid subsidies to the institutions, but we had no assurance that there would be any student utilization of that training.

Mr. **Cardwell.** In fact, these subjects go to some of the most substantial institutions of higher learning in the country.

Secretary **Weinberger.** I might say that the sharpest outcry, Senator, has come from Harvard.

Senator **Stevens.** That is my alma mater you are referring to.

Secretary **Weinberger.** That is mine, too, that is why I hear more about it.

Senator **Magnuson.** Well, public health and allied health traineeships, the paramedicals, the paraprofessionals—that is all out?

Secretary **Weinberger.** The request for no additional funding is based on the belief that the factors of demand at the present time and the students' abilities to obtain loans or scholarships will produce a sufficient supply in these fields. Where we do not think that is the case, we have requested a continuation, or in the case of doctors, an increase.

And that basically reflects the statistics and the studies that we have made as to the need for Federal subsidies. This is not in any sense to say that these are not important professions. It is simply to say that in some you need a Federal subsidy to get you to your needed supply and others you do not.

Mr. **Cardwell.** Well, I think another point to make, is that the allied health professions training programs would be eligible for the special educational program grants and——

Senator **Magnuson.** Special what?

Secretary **Weinberger.** Well, we have in special educational programs, where we believe there are shortages, a request for $46 million as opposed to——

Senator **Magnuson.** You call that education initiatives?

Mr. **Miller.** That is a very broad authority, Mr. Chairman, and we are using it and putting a lot of money into it in order to meet special needs that occur because of the funding flexibility in any of the health professions.

Secretary **Weinberger.** We are requesting a major increase here, from $12 million to $46½ million.

Senator **Magnuson.** I know that. I see that.

Mr. **Cardwell.** Well, the other point I would make is that community colleges are moving very rapidly into the development of teaching and training programs for the allied health professions, much more so than we anticipated 3 or 4 years ago.

Senator **Magnuson.** Well, I am hopeful that will happen because we have been standing still on health manpower.

Now, wait a minute before you go on. The 1974 budget continues at the current rate of capitation support for schools of medicine, osteopathy and dentistry, and you have cut out chiropractors.

Secretary **Weinberger.** We do not have a Federal subsidy for training people in chiropractics.

Senator **Magnuson.** You cut out podiatrists?

Secretary **Weinberger.** Yes, podiatrists, veterinarians, and optometrists.

Senator **Magnuson.** Yes. Veterinarians and eye doctors.

Secretary **Weinberger.** No; optometrists, not eye doctors.

Senator Magnuson. Is there a difference? I don't know what the difference is, but they all use the same equipment.

Mr. Cardwell. One has a medical degree, and one has——

Senator Magnuson. All right. We understand what you are proposing there.

Secretary Weinberger. All right, sir.

SPECIAL PROGRAMS FOR ALLIED HEALTH AND PUBLIC HEALTH

Senator Magnuson. Now, to special programs.

Secretary Weinberger. Special programs for allied health and public health will be discontinued when these authorities expire. In all of these cases we see the Federal role as limited to special projects targeted in special priority areas. The 1974 budget proposes a $35-million increase for this purpose.

We also recommend changes in the student aid programs for the health professions. Legislation will be submitted requesting an increase in the authorization for the National Health Service scholarships that I incorrectly referred to as the National Health Corps. Over the long run, we intend to use this authority as our sole vehicle for providing scholarship assistance to students in health professions and nursing, because the mandatory service provisions will help overcome the maldistribution of health manpower, as well as aid in recruiting staff for the Public Health Service.

These are the ones where you were asking if there is any obligation to continue in Federal Service or continue to serve in underserved medical areas. With the National Health Service scholarships, the answer is yes. So we plan to channel our money through that.

Senator Stevens. That is my bill, which was put in the Kennedy bill last year.

Senator Magnuson. Yes. So this is an attempt to consolidate?

Secretary Weinberger. Yes, and to get this basic requirement of after-training service into it.

Senator Magnuson. You say you are going to submit legislation. Do we need new legislation?

Secretary Weinberger. I think the authorization runs out in June, Senator.

Senator Stevens. Well, one was passed last year.

Secretary Weinberger. The Health Service Scholarship Act. But the authorization requires it to be amended to increase the amount, and that is what we are doing.

Mr. Miller. Plus the fact, I think we need further authority in order to have the people serve elsewhere than in the Public Health Service so they can pay back their indebtedness to the Federal Government without actually being in the Public Health Service.

Senator Stevens. Why?

Secretary Weinberger. Because there are some areas of the country where there is an underservice of medical personnel, and we feel you do not necessarily have to do it through the Public Health Service. You can do it—for example, in Alaska, without necessarily having to go through the Public Health Service.

The idea would be to get medical personnel into that underserved area.

Senator **Stevens**. Well, I would like to see how you are going to define that. This was supposed to be similar to the provisions in the law which was to add incentive for people to enter the Armed Forces. This was done because more people were needed to serve this need.

Secretary **Weinberger**. That is correct, and that is why we want to use it.

Senator **Stevens**. But it would weaken it.

Secretary **Weinberger**. I do not think it would weaken it. It would broaden the opportunity for service in an underserved area. It would mean that you could do it, but not necessarily in a Public Health Service institution.

We are not saying they should not go, for example, to Alaska. But we are saying that when they go to Alaska, they ought to be used as broadly and as flexibly as possible and not necessarily in a Federal institution.

Senator **Stevens**. Well, they do not have to be now.

Secretary **Weinberger**. Yes, at the moment, the service is required.

Mr. **Miller**. They have to be members of the Commission Corps, and the legislation would not make that a requirement. You could go into an underserved area and serve without formally joining the Commission Corps.

Senator **Magnuson**. Well, the bill that I had, does that affect those volunteers that ought go to a little country town or the urban ghetto?

Mr. **Miller**. It would apply to the whole National Health Service Corps, which is your bill.

Senator **Magnuson**. Well, that ought to help them a little, should it not, those that want to do it?

Mr. **Miller**. Well, I would think so. It broadens the opportunity to provide the same objective that your law does. It just does not make the requirement so narrow that they have to be members of a specific personnel corps.

Senator **Magnuson**. Because no one can tell me that as little as that program has been operated it has not been effective. It has been a good one.

Secretary **Weinberger**. We agree.

Senator **Magnuson**. Some little community that does not have a doctor, and in the ghettos. I find it more in the rural areas than any place else.

All right, I think we understand what you say. I hope you mean what you say, when you say it will help overcome the maldistribution of health manpower in this particular field.

Secretary **Weinberger**. It is our hope and our belief that it will do this.

Senator **Magnuson**. That is the purpose of this.

Secretary **Weinberger**. Yes, it is.

In education, the major initiative——

Senator **Stevens**. May we, before we go on to that, touch two other items?

Secretary **Weinberger**. Yes.

COMPUTER TECHNOLOGY

Senator **Stevens**. One is the computer technology area, which is completely eliminated in this bill. There was $3 million for this area in fiscal 1972. We put in $6 million in fiscal 1973, and you had none in your revised budget for 1973. It is entirely eliminated.

Secretary **Weinberger**. Yes. I will have to have help on that. I am not really familiar with that.

Mr. **Miller**. I do not think there is any indication that the program is not necessarily a good one. It is a noncategorical program. We felt it simply ought to be consolidated in a broader health manpower concern. There just was not a need to work in such a specific area.

Senator **Stevens**. Well, where does an institution that needs the type of help that was available under this area—it was my understanding it was from NIH. Where would this come from?

Mr. **Miller**. Well, here again, they will be eligible for funding under the "Education Initiative Awards." They could try to compete for those funds.

Secretary **Weinberger**. What we have done is to consolidate the Educational Initiative Award and move it up from $12 million to $46 million. We recommended eliminating other things that were specific and had narrow boundary lines around them and say that you could use the full $46 million for all of these other smaller things that were within that category before.

Senator **Stevens**. You spent the $3 million in fiscal 1972, did you not?

Secretary **Weinberger**. Right. We did not request anything in 1973 and do not plan to spend anything, and in 1974, we do not request anything for that specific group, but we do request $46 million instead of $12 million for the whole special educational program field.

Senator **Stevens**. Senator Javits said it was his understanding that plans call for NIH to establish six centers for the study of computer-aided medical decisionmaking which would be funded at approximately $500,000 each per year. I understand this stimulated an extraordinary response. It created a desire among many high-quality computer scientists to participate.

Secretary **Weinberger**. These requests could still be made and funded under this request of $46 million.

Senator **Stevens**. Were the ones you funded just for 1 year? What happened to the $3 million in fiscal 1972?

Secretary **Weinberger**. Well, there was not any funding for 1973. The $3 million was the amount expended in 1972.

Mr. **Miller**. I would assume that they will come into the competition and be judged on their merits and if continuations are called for, they will be continued.

ARCTIC HEALTH RESEARCH CENTER

Senator **Stevens**. I am sorry I was not here when you sent your telegram, Mr. Secretary, about the Arctic Health Research Center. I am sure you know I disagreed rather violently with the statement that says the Arctic Health Research Center had no national objective.

It is my understanding you made a statement here the other morning saying you are optimistic about the future of the Center. That has caused wide concern up in my area. Could you clarify this?

LETTER FROM WILLIAM R. WOOD

Secretary **WEINBERGER**. We were hoping it would cause some pleasure, because we did have some information that indicated that there was considerable hope. This is a letter dated March 29 from the president of the University of Alaska. He says—let me get to the critical points here—we will put the whole letter in the record.

But he said, "Following strong recommendations, the board of regents has authorized me to make the following proposals for your consideration. In effect, from July 1, 1973, HEW will transfer title of the land, building, and all parts of the university. HEW will make a grant of $150,000 to the university, possibly through the Bureau of Health Manpower. This sum will be reviewed and adjusted as appropriate, in subsequent years be earmarked to cover the logistic costs of maintaining and developing research and so on, and the university will assume full financial responsibility for maintenance and operation of the building. We wish we could make every effort to rebuild health related research through State and other funding" and so on.

I will put the whole letter in the record, but the general gist of that was to lead me to say that I thought it was—that things look quite hopeful for the continuation of this with this kind of partnership between the local and State and Federal governments and the university.

This is signed by William R. Wood, president of the university, and it is dated March 29.

If you wish, Mr. Chairman, I would offer it for the record at this point.

Senator **MAGNUSON**. All right.

[The letter follows:]

UNIVERSITY OF ALASKA
OFFICE OF THE PRESIDENT
COLLEGE, ALASKA

29 March 1973

Dear Secretary Weinberger:

The impending closure of the Arctic Health Research Center will be a heavy blow to the State, particularly so to its University. Inherent in the concept of establishing the Center on the campus in immediate proximity to our major research institutes was the fostering of collaboration and common approach is to health related problems in the far north. In many respects this has proved most successful; over the years there has developed excellent cooperation between the community of scientists involved in the relevant areas of research and teaching.

Most significant within this cooperation has been Alaska's ability to participate in the WAMI Program; an experiment based at the University of Washington Medical School which is designed to ameliorate the acute shortage of physicians in those western states that lack medical schools - Alaska, Montana and Idaho. In 1973 and 1974 it was planned for some 15 students to take the basic science core of the M.D. curriculum here.

Over the past two years, the WAMI Program has been deeply dependent on Dr. R. Lyons, a PHS Commissioned Officer, and Dr. D. Williams who are both on the staff of the Center, and also on use of the Center's facilities. Dr. Lyons has also been prominent in developing a continuing education program for nurses in the community through our Department of Statewide Services; other such courses are proposed. It is difficult to see how these programs and others planned to improve training in the allied health professions can continue if Drs. Lyons and Williams are transferred from Alaska, the facility is closed and its equipment and library are made inaccessable.

We are aware of the premise that funding responsibility should fall to the State, because the programs of the Center are directed towards Alaskan problems. However, the philosophy of revenue sharing notwithstanding, such appears quite impracticable at this juncture. The State, too, is facing immediate financial strictures because of shortfall in projected revenues due to enforced delays in building the trans-Alaska pipeline and development of other resources.

A further predicament lies in the future of that part of the building currently occupied by the Arctic Environmental Research Laboratory of EPA. They are tenants in some 11,000 square feet of specially equipped space and depend on many facilities; shared with the Center; library, conference rooms, dark rooms, maintenance shops, central glassware service, cafeteria, etc. It would take considerable modification to the building and its utility sources to permit continuation of the AERL operations while the rest of the building was closed and 'mothballed' to meet winter conditions.

Following strong recommendations by our Vice President for Research, Dr. K.M. Rae, the Board of Regents has authorized me to make the following proposal for your consideration:

a) With effect from July 1, 1973 HEW to transfer title of the land, building and all its contents to the University.

b) HEW to make a grant of $150,000 to the University, possibly through BHME. This sum, which will be reviewed and adjusted as appropriate in subsequent years, to be earmarked to cover the logistic costs of maintaining and developing research and teaching in health related sciences.

c) Dr. R. Lyons, retaining his Commission, be reassigned to Alaska to continue his work in health manpower education and health care delivery systems.

d) The University to assume full financial responsibility for maintenance and operation of the building and will agree to continue the tenancy of AERL.

e) The University to make every effort to rebuild health related research through State and other funding sources, reserving space in the building for visiting scientists who wish to work on northern biomedical problems. If, for example, either Dr. E. Scott or Dr. R. Rausch or others elected to try to continue their excellent programs through some other sources of funding, the University would assist them in any way possible and would ensure that the space and equipment they now use remained available to them.

The University would, of course, prefer to see AHRC continue on its present basis and in no respect is our proposal intended to prejudice such a decision if it remains possible. However, we are confident that ways and means to undertake the much needed biomedical research in the north must be found in the future. In the meantime, it would be most depressing to see such a fine and expensive facility lie empty and idle while space elsewhere on the campus for research and money for capital improvements is in such short supply.

Yours sincerely,

Wm R. Wood

William R. Wood
President

RESEARCH WORK BY EPA

Senator **Stevens**. I would be pleased to have it in the record, too. I am familiar with that letter. I was the one that called President Wood and asked him to see if he could not get the authority, as an emergency proposition, to keep the center going.

Of course, I am not sure that HEW is aware that you have had a tenant, which is EPA, and they have been doing research out of that building. There is a domino effect in terms of what happens to the research that they are doing with ice smog and some of the related problems associated with the Alaskan pipeline, if this building is terminated as a Federal building.

Secretary **Weinberger**. Well, I certainly cannot answer this other than by speculation, but I would be surprised if the University of Alaska would not want to continue to receive the rent from EPA.

Senator **Stevens**. I am sure they will, but I am sure the rent will be a little bit different. I think the cost to the Federal Government, is not going to be too much different by the time we fund some special research projects and EPA pays rent to the State.

Secretary **Weinberger**. We were not proposing to do anything that I am aware of with the EPA budget in this area. But we did feel that there was no longer an appropriate need for the Federal Government to operate an Arctic Health Research Center, and the University of Alaska's proposal would indicate that that feeling was correct. We would be delighted to have it continue as a university-State function.

The reason I described the whole thing as very hopeful was because the proposal made by the president of the University of Alaska seemed to me to be quite reasonable.

Senator **Stevens**. Well, we are caught in a rather strange position, because it is not in the budget, and I understand it will not be in the House item, and we will not be able to continue it by continuing resolution, unless we put a specific item in here, which I think would be rather difficult to do.

I am sure you know that you made the suggestion in the budget here after the State's budget was prepared. The university could do no more than just take it over this year. They would have to wait until the legislature meets next year in order to fund any support for this facility. They do not have money to do it unless they get it from the State legislature.

Secretary **Weinberger**. Part of their proposal, as I mentioned is that we give them a grant. Again, I did not feel that their proposal was in any sense unreasonable. I thought it offered a substantial amount of hope that this thing could be resolved properly.

Senator **Stevens**. That money, I am sure you realize, could do no more than just heat the building for the current year. It will not provide any ongoing research in this area at all.

Secretary **Weinberger**. He described the abilities here and some of the personnel that they wanted transferred. All the things that they suggested did not seem to me to be impossible for granting at all.

Mr. **Cardwell**. I think the underscore is that we are prepared to look further into this and negotiate with the university and see where it comes out.

Secretary **Weinberger**. This is a good proposal to start with, and it would indicate the continuation of the Center under State and university funding, with assistance from us.

Senator **Stevens**. I don't know who made the conclusion that this has no national significance, the only Arctic research facility in the free world, and it is being viewed as strictly an Alaskan proposition, something that the Alaskans ought to maintain because it relates only to Alaska. We have conditions in Fairbanks that are being utilized by scientists from other States, in particular the New England States.

If there is one monument to my predecessor it is in this whole health field for his foresight in trying to get something done. Senator Bartlett created this, and I am very reluctant to see it go out of any Federal activity, because it does have national significance. The conclusion here that you are relying on is that it has no national significance.

Secretary **Weinberger**. There would be Federal involvement in the proposal of the University of Alaska, Senator. There would be a grant, there would be a transfer of personnel from the Commission Corps and various other things. And, of course, you mentioned EPA's program, and I see no reason why they would want to terminate theirs. I do not believe there are any budgetary requirements that they do so. I think quite to the contrary.

Senator **Stevens**. Well, I am not as sure that HEW is willing to fund the national activities that have been involved. For example, this facility has been used by international scientists dealing with health and other problems in the Arctic. Apparently, your conclusion is that the State of Alaska should fund the center. The University of Alaska is the State, as I am sure you realize.

As I see it, the only thing that is involved here is $150,000, which, as I said, would just barely heat the building for a year. As far as the transfer of personnel, I can understand why they need the personnel, but they are not to be funded from the Federal Government, even for a transitional period.

Secretary **Weinberger**. We have not worked out the details of this agreement. We do have, however, a very interesting and constructive proposition from the university. And, we are in negotiations to try to work out an arrangement that will continue the Alaska Center under those auspices.

Senator **Stevens**. Are you telling us that you are willing to maintain the building until this is worked out, that it is not going to be closed down? You know, if you turn that heat off in that building, you are going to lose a $20 million investment.

Secretary **Weinberger**. Well, Senator, I think it would be safe to assume that we would not want to take precipitous action that would result in destruction of Government property. We do have a proposition, a proposal, from the University of Alaska that seems to me to be very reasonable and offers the basis for a negotiation. We are in negotiations, and I think we can come out with an agreement that will be acceptable and will be a sign, so to speak, by both sides. I think that is what we are in the process of doing now.

Senator **Stevens**. Well, I just hope you understand that proposal, Mr. Secretary, was made as a last ditch Alaskan attempt to maintain a facility that we are quite proud of, and on a very reluctant basis.

Secretary **Weinberger**. The letter did not reflect that.

Senator **Stevens**. Well, it certainly did not come forward until absolute final notice was issued that the facility was going to close.

They are not seeking that facility in lieu of having it operated as a national institution.

Secretary **Weinberger**. "We are aware of the premise that funding responsibility should fall with the State, because the programs of the center are directed toward Alaskan problems. However, the philosophy of revenue sharing notwithstanding, such appears quite impractical at this juncture. The State, too, in facing immediate financial restrictions with the pipeline and development of other resources being delayed" et cetera.

And then he goes on and makes the proposal which, as I say, seems to us to be a quite reasonable basis for negotiations which we are engaged in.

Senator **Stevens**. Well, that is correct, but there is a premise. The premise is that it is an Alaskan institution and should be supported by Alaskans, a premise which I cannot accept. Apparently, that is going to be the result as part of WAMI—the Washington-Alaska-Montana-Idaho concept.

This was a portion of a regional training center. It was also directed toward international study. The Washington and Canadian scientists participated. We have been trying to view the Arctic as international in scope in presenting problems. I take it the conclusion of the Federal Government is that Alaska has got to carry the U.S. role in that regard.

Secretary **Weinberger**. I do not know why the negotiations cannot be broadened to include possible contributions from Canada and the Soviet Union in the continuation of the Center, since we would still be making some, as indicated by this proposal.

Senator **Stevens**. Well, if the Canadians and the Russians each put up $150,000, maybe we would be able to have the garbage collected. Mr. Secretary, it is just not a sufficient proposition, as far as I am concerned.

Well, I hope you can keep it open, because I want you to know that if there is any way I can do it, I am going to keep you involved in this project.

Senator **Magnuson**. I hope you keep the heat on until next weekend is over.

Senator **Stevens**. He is going to get an honorary degree next weekend.

Senator **Magnuson**. You had better have it on then, or you are going to hear from me.

Secretary **Weinberger**. I have no hesitancy in assuring the committee that we can do that.

When are you planning to leave Alaska, Senator?

[General laughter.]

Senator **Magnuson**. Well, it seems to me that with the impending energy shortage and, particularly the shortage of oil, that any research center that can help us tap those vast resources, not only in Alaska, but Canada, ought to be kept going.

Secretary **Weinberger**. I do not disagree with that at all, and I do think——

Senator **Magnuson**. For the small amount of money involved, they may come up with something that will help solve the problem of shortages and billions of dollars, unless we know what we are doing.

Senator **Stevens**. What happened there is we got into a situation where, instead of having a doctor involved, we put an engineer in charge of a medical research center, and he redirected this thing toward local environmental research. It got off of the long-range medical research, and now the conclusion has been made that it is just a local proposition. That was staged, as far as I am concerned.

It certainly was when I came back here. When Senator Bartlett was involved, it was involved in a long-range work in the area of arctic health. I think we could redirect the center back on the long-range concept. But the decision to close it has come out of research that was started in the last 2 or 3 years, and it belongs in the Institute of Health. It does not belong in the place where it is now.

I am really quite disturbed and dismayed over the decision, as a matter of fact. As I said, if there is any way I can turn it around, I am going to do it. But under the present circumstances, with the opinion that has been expressed by the House, it is not going to be in their bill. It is now going to be difficult to turn it around. But I want you to know I am going to try.

Secretary **Weinberger**. I understand. I do think the ultimate solution to a great many of these problems we are talking about is the pipeline. I think we simply have to have that.

Senator **Stevens**. Well, I appreciate that, but that still means the State of Alaska is going to support a national institution, as far as I am concerned.

Senator **Magnuson**. International.

Senator **Stevens**. Or international. Right. Thank you, Mr. Chairman.

Senator **Magnuson**. Well, I am glad I am not going to give my speech in a parka up there. That would be a good picture to send home, but——

Well, we must get at this thing Mr. Secretary. Only a small amount is involved and this is so important. Look at the amount of money that we spend trying to find some solutions to the health problems in other parts of the appropriation bill; it is substantial, very substantial.

Secretary **Weinberger**. I would certainly, for my part, Mr. Chairman and Senator Stevens, be glad to look into the possibility of consolidating some of the other funds that may be utilized in the budget. You have mentioned New England and a couple of others, and I would be glad to see if there is not a possibility of some sort of consolidation that would produce some additional funds here. I do think we should start with the negotiating premise of the university, which seems to me to be a very good one, and proceed from there, but we can also look at this other aspect, too.

Senator **Stevens**. I appreciate that. Again, I hope you keep in mind they do not have any money. They cannot get any money until next year when the legislature meets to continue whatever research is going on. In other words, even if they take it over, they are going to lose all their staff. They cannot make any contracts with them to retain them at a later date. There is roughly $2 million involved in that, and they cannot find $2 million in a small university overnight. They might, when the pipeline starts, and assuming the legislature agrees to its importance as much as I do. They probably could fund it at a considerable level, but I do not think they can maintain $8 million a year in research in arctic health, unrelated to anything other than WAMI, which is four States not just one. These other four States are contributing to the cost of WAMI by providing facilities out there.

I appreciate your time, Mr. Secretary and Mr. Chairman.

EDUCATION

Senator Magnuson. All right. Education.

Secretary Weinberger. Major initiatives in the education budget are, of course, our proposals to fund fully the basic opportunity grant program which we mentioned a moment ago, authorized by the education amendments of 1972, and to establish special revenue sharing in elementary and secondary education, which we call the Better Schools Act of 1973.

These two initiatives are a significant part of our effort to move power and decisionmaking away from the Federal Government in Washington. The student aid program will strengthen individual choice and initiative, and special revenue sharing will give State and local governments greater flexibility and responsibility in carrying out the education programs of national significance.

STUDENT AID

On student aid, the 1974 budget——

Senator Magnuson. Now, when you speak of student aid, you are speaking of title I, title II——

Secretary Weinberger. We are speaking of quite a variety. We are speaking of student aid as a combination of programs, the principal one of which, in the amount of $959 million, would be the Basic Opportunity Grants. Work-study, cooperative education, supplemental education, supplemental opportunity grants, would be $261 million. Insured loan subsidies and the allowance for defaults would be $368 million.

So we are asking for a total of $1.5 billion, almost $1.6 billion, for the total student aid budget. The principal portion of that is just under $1 billion for Basic Opportunity Grants.

Senator Magnuson. Now, that would include "student aid?"

Secretary Weinberger. That is the whole student aid——

Senator Magnuson. That is the whole package, and the bulk would

Secretary Weinberger. Right.

Senator Magnuson. Work-study would continue until you—as I understand it—until you can phase it out if BOG is adopted?

Secretary Weinberger. Well, we continue work-study at just about the same level as before, about $9 million. There's still $261 million——

Senator Magnuson. What aboutEOG?

Secretary Weinberger. That would be built into the Basic Opportunity Grant program. It would be eliminated as a separate program.

Senator Magnuson. If you adopt the Basic Opportunity Grants, obviously you are going to phase in and eliminate the EOG sooner or later.

Mr. Miller. You have to change the law to do it, though. We will be proposing to change the law.

Senator Magnuson. Well, you cannot have the two of them running side by side. One would foul the other one up.

Secretary Weinberger. That is correct.

Senator Magnuson. But work-study, I think, has to continue until we know what we are doing and you have got the same amount in for work-study.

Secretary Weinberger. Yes, sir; just within $9 million. It is $206 million.

Senator Magnuson. Educators tell me that it is working very well where it is working.

Secretary Weinberger. In insured loans, we ask for a rather substantial increase here. This figure covers also the default allowance, and that has gone up from $292 million to $368 million.

Senator Magnuson. You have got subsidized insurance loan, $235 million, and you asked $310 million?

Secretary Weinberger. Well, we are asking in budget authority $368 million, sir, which is $1.593 billion, or just under——

Senator Magnuson. Well, the request is $310 million. That is what I have got here.

Oh, no, no, no. I mean higher education.

Mr. Miller. No, you are in the right area. We just have included several items in the $368 million that the Secretary gave you, and you are talking only interest on insured loans, so your figure is correct.

Senator Magnuson. And loans to institutions are out.

Mr. Miller. Yes.

Senator Magnuson. You had $1.970 million, but that is out.

Secretary Weinberger. Yes. Loans to institutions, that is right.

Senator Magnuson. And the subtotal is $1.420 billion, and the budget requests $1.534 billion that would cover all these programs.

Secretary Weinberger. That is right. The big increase, of course, being in the——

Senator Magnuson. Well, how much have we got left in here, with your proposal for direct student loans?

Secretary Weinberger. Well, direct student loans we would be requesting zero. That is right.

Senator Magnuson. Direct loans——

Secretary Weinberger. In insured loans we request an increase, and in the grant we request, but in the direct loans by the Government, we are requesting that they be zeroed out.

Senator Magnuson. Well, is that a loan by the Government or by an institution or by a bank?

Mr. Cardwell. No; it is by the Government. The money is advanced to loan funds operated by schools.

Senator Magnuson. Oh, by the institutions.

Secretary Weinberger. The money comes from the Government.

Senator Magnuson. How much is for direct loans left now?

Mr. Cardwell. Zero.

Senator Magnuson. No, I mean direct loans to a student.

Mr. Cardwell. Insured loans.

Senator Magnuson. Well, that is a direct loan.

Secretary Weinberger. Well, that is the difference we make, Senator. If the bank makes a loan, or a lending institution, the government puts a guarantee on it, and we call that insured. In the direct loan, the money goes directly out of the Treasury to the institution itself.

Senator MAGNUSON. That is proposed to be out.

Secretary WEINBERGER. Yes. The direct loan is proposed to be out.

Senator MAGNUSON. But the so-called subsidized loans, which are loans by banks——

Secretary WEINBERGER. By banks which we guarantee.

Senator MAGNUSON. That still exists?

Secretary WEINBERGER. Yes. That allows them to make the loans at a low rate of interest and also make the loan when they would rather not otherwise.

Senator MAGNUSON. Well, some of them, even if BOG got moving, some of them are going to have to make direct loans on top of that.

Secretary WEINBERGER. Well, the guaranteed loan may well be made on top of the BOG program.

Senator MAGNUSON. It can be made.

Secretary WEINBERGER. Yes, sir.

Senator MAGNUSON. Because the average for the BOG thing, the best figures that we keep getting is around—even if we are going at full force, would be no more than $716 annually.

Secretary WEINBERGER. Maximum would be $1400 a year per student.

Senator MAGNUSON. I understand the maximum, but I am talking about the average.

Secretary WEINBERGER. Depending on the family income, that may well be, $1400 is the maximum——

Senator MAGNUSON. Well, $716 may not do it for kids.

Secretary WEINBERGER. Well, based on family income, the ability to get scholarships, the ability to get insured loans, all this together we believe will do it.

Senator STEVENS. Mr. Secretary, may I interrupt you a minute?

Senator MAGNUSON. Yes.

Senator STEVENS. I think this is a great thing, but the defect is, that we are relying on private institutions to have available loan capital which is not always possible these days.

Again I am harping on the smaller States, the rural areas. These small banks just do not have money to loan to local students who are going off to college, even at a guaranteed rate. It seems to me, that if this is going to work, we are going to have to have something comparable to the Small Business Investment Corporation, some locally raised capital or some federally raised capital and put it together and take care of the loans, the insured loans through an institution that brings in new sources of capital, because I know that in rural Alaska you cannot do it. In rural western Washington they do not have money. In Kentucky and any area where you have—North Dakota, New Mexico, I am sure the situation is the same.

Secretary WEINBERGER. Senator, I am not disputing you that they do not have unlimited funds or anything of that kind. They do have funds available. In the past they have expressed reluctance to use them for this, even with a government guarantee, because they were worried about the redtape and the delays in the Government making good on its guarantee and so on.

Now, what we are trying to do this year is to assure them that our procedures are much more rapid and much more certain, so that if there is a default—and there are not too many, fortunately, in this area—they can have their federally paid guarantee come to them rapidly enough to encourage them to make this kind of loan. They are making loans for other purposes. They are making them for cars, for houses and things of that type, so the money is obviously not there in unlimited quantities, but it is there. The thing to do is to persuade the bank through improvements in our own procedures that we will make good on the guarantees more rapidly.

Senator STEVENS. But in the very area where the loans are going to be needed most, in the areas of sustained high unemployment, the bank deposits are going to be lower. The amount of capital that is available for a 4 year loan is going to be less, and I am convinced it is not going to work in an area where you have low bank deposits or an area where there is regionalized or localized depression. These are the areas where people want the loans. Unless you have direct loans, and a mechanism for loans beyond existing financial institutions, it is not going to work.

I support the program, but it appears that the corollary to this must be some infusion of capital in those areas where available capital is scarce. Perhaps the Small Business Investment Corporation is one answer. The Small Business Administration has one situation in its development corporations. They have met this problem in financing small business, but we are not meeting this problem in financing the individual who wants to go on to school in areas of sustained high unemployment. Unless we see this defect in it, I do not think it is going to work in the areas where it is needed the most. It will work in the big cities because there are many financial institutions willing to make a guaranteed loan.

Secretary WEINBERGER. We are trying to encourage them both in cities as well as in rural areas, but the problem is that we cannot do everything. We cannot increase the direct student assistance as much as we have and at the same time have guaranteed loans and direct funds out of the Treasury for direct loans. We just cannot do all four at once. We have had a major increase in the student grant program, and we believe that with the government guarantee, the work-study, some scholarships and some family assistance, that we will have a vastly increased number of people eligible to go to college who will not have to be turned down, who will not have to turn themselves down, because of lack of resources.

Senator STEVENS. Well, I would urge you to look at the Small Business veterans appropriations proposal that was one third local capital and two-thirds Federal capital. That went into a capital bank to be loaned out, and it was on a guaranteed basis as far as the SBA was concerned.

It appears to me that if you are going to phase out this direct loan program, something must take its place, because the assumption that there is local capital is invalid.

Mr. CARDWELL. There is being phased into place the Student Loan Marketing Association which would be in operation by this fall. That was authorized by the 1972 bill to provide a secondary market for the trading of student loan paper as between banks, and it does not——

Senator MAGNUSON. Is that like a Fannie Mae for education?

Mr. Cardwell. Right. It does not have the same capitalization feature that Senator Stevens——

Senator Stevens. From the point of view of the local bank, the capital is still obligated and still tied up because they have a residual take back on it, just as Fannie Mae.

Senator Magnuson. Well, the Senator from Alaska is correct. You have heard me say it many times. Even though we guarantee the loan, the bank knows ultimately it is going to get back its money, there is always, as the Secretary points out, always redtape, but they do not want these loans because it is what they call slow paper.

Senator Stevens. That is right.

Senator Magnuson. And they do not want a lot of that hanging around in the bank.

We have a new college going up in my State called Evergreen College. They made inquiry of 21 loan establishments around in that area, and only three would consider those loans, and one of them had restrictions on it, and they just do not want them unless we have some ideas worked out. Maybe the—what do you call that, Bruce?

Mr. Cardwell. The Guaranteed Student Loan Association.

Senator Magnuson. Is that similar to what he is talking about?

Mr. Miller. It is called Sallie May.

Senator Stevens. Well, if there is some way to tap some of the resources available, for instance, the pension funds are building at an alarming rate. I think it would be beneficial if there is some way to get pension funds involved in student loans. However, I think the assumption that commercial institutions have the capital is wrong.

Secretary Weinberger. Well, I think the problem, of course, with a pension fund, is that most States restrict them very heavily on the kind of investment they can make and student loans are not considered all that sound.

Senator Stevens. That is the point.

Senator Magnuson. I even found some banks a year or so ago requiring parents to take out an account in the bank—be a depositor before they would consider them on the one hand, then go down to the chamber of commerce and make pious speeches about how they are all for the student loan programs as a public service, and of course, they have got a credit card when they come in, too, from the bank, and that will put them more in debt.

Secretary Weinberger. The student loan repayments are running very well, and we are trying to move to this very large increase in grants, and in the work-study program think that the total package will enable more students than ever before to get a college education, regardless of their economic status, and that is an extremely important part of our initiative.

Senator Magnuson. What you are saying is you are hopeful this program will decrease the need for the subsidized loan.

Secretary Weinberger. Yes, sir.

But there is still a provision for a substantial amount of guaranteed loans under it.

Senator Magnuson. Oh yes; if the banks will give them the money.

Secretary Weinberger. Right.

Senator Stevens. If it is workable it is a great concept.

Senator Magnuson. I think you ought to put in the record the figures on default on the collections.

Secretary Weinberger. All right.

All right. We will do that. I guess I do not have that with me, but we do have them available.

Senator Magnuson. You can put them in the record then.

Secretary Weinberger. Yes.

Senator Magnuson. As compared with last year or the year before, how are the plans going?

Secretary Weinberger. All right.

FEDERALLY INSURED AND GUARANTEED LOANS

We have that data here, and the default ratio is running 4.3 percent in 1972, 4.9 percent in 1973. We are estimating 5.5 percent in 1974, so even though it is increasing, it is still quite low, and reflects the fact that student loans are and should be considered a perfectly good kind of business for the banks, particularly when they are guaranteed. These are the guarantees we have had to make up, and I do not think that is very high. And we will put this in the record at this point.

[The information follows:]

Data on Federally Insured and Guaranteed Loans

(Dollars in Thousands)

Gross Loans Insured and Guaranteed	1972	1973	1974
Federally insured	$ 1,830,013	$ 2,562,161	$ 3,464,161
Guaranteed-reinsured	2,803,674	3,427,356	4,196,596
Total	4,633,687	5,989,517	7,660,757
Loans Outstanding (end of year)			
Federally insured	1,777,756	2,391,823	2,984,925
Guaranteed-reinsured	2,379,712	2,583,928	2,916,431
Total	4,157,468	4,975,751	5,901,356
Matured Paper			
Loans currently inrepayment status (loans outstanding xFY 72=25.9%: FY 73=29.5%: FY 74=33 1/3%)	1,037,781	1,471,972	1,965,152
Cumulative repayments, defaults and writeoffs	476,219	1,013,766	1,759,401
Total	1,514,000	2,485,738	3,724,553
Cumulative Defaults			
Federally insured (Default only)	23,852	59,558	109,300
Guaranteed-reinsured (paid by agencies)	41,295	63,620	94,700
Total	65,147	123,178	204,000
Default Ratio			
(Cumulative defalults & matured paper)	65,147 1,514,000	123,178 2,485,738	204,000 3,724,553
Percent 1/	4.3%	4.9%	5.5%

1/ Default ratios are estimated and subject tq revision pending completion of estimating model.

STUDENT LOAN BANKRUPTCIES

Senator **Magnuson**. And a lot of that increase is due to the increase in bankruptcies, students going in and declaring bankruptcy after they are out.

Mr. **Cardwell**. I think that is an isolated situation.

Senator **Magnuson**. No, those figures are going up according to the bankruptcy courts.

Senator **Stevens**. Is there any way to find that out?

Senator **Magnuson**. I would not worry about that too much because I think that 99.44 percent of these people want to pay back their obligation.

Secretary **Weinberger**. They do; 95 percent repayment rate is pretty darn good, I think.

Senator **Magnuson**. Yes.

Secretary **Weinberger**. All right, sir.

Under the program we estimate that 1,000,673 students will get guaranteed student loans, and many will also be receiving a Basic Opportunity Grant.

AID TO ELEMENTARY AND SECONDARY EDUCATION

Now, on the elementary and secondary education, we propose the Education Revenue Sharing. This is the second time around for a proposal of this general nature, and we had testimony on this before the Senate Committee on Labor and Public Works back in April. We were asking $2.8 billion to fund this legislation when it is enacted, and the purpose, of course, is to consolidate and simplify Federal aid to elementary and secondary education so that State and local officials will have greater flexibility and responsibility for programing the funds.

Thirty-two of the existing formula grant authorizations would be merged into special revenue sharing. The bill provides support under five general categories: disadvantaged, handicapped, vocational education, supporting services, and materials and impacted aid, and States would be permitted to transfer a portion of the funds available for vocational and handicapped into any other area except impact, and all the funds available for supporting services could be redirected back across any of the four categories: disadvantaged, handicapped, or vocational education in the bill.

The most important feature is the comprehensive program it would authorize for the education of the disadvantaged. It would aim toward providing a critical mass of services for each disadvantaged child served, directing the funds to schools with the highest concentration of eligible children and poor families and focus three-quarters of the funds on basic skills instruction.

An approach such as this places fewer impediments in the way of State and local authorities for carrying out programs in these areas.

Senator **Magnuson**. When you speak of basic skills, you mean basic education?

Secretary **Weinberger**. Reading, writing, mathematics.

Senator **Magnuson**. You mean basic education, the ABC's?

Secretary Weinberger. Right, exactly.

Senator Magnuson. The ABC's have lost their meaning. They have got fancy terms for everything now.

Secretary Weinberger. Preparation for life it is usually called.

Senator Magnuson. Yes.

Secretary Weinberger. We believe this legislation will strengthen State and local initiative, facilitating the attainment of national goals.

The impacted aid program in 1974, we are again attempting to cut back in impacted area aid.

Senator Magnuson. Before we get into this, let us get the record clear.

You have suggested in the Educational Revenue Sharing bill $2,527 million.

Secretary Weinberger. Right.

REVENUE SHARING

Senator Magnuson. And counted into the programs to be folded into revenue sharing under the formula you mentioned here are educationally deprived children, title I, $1.585 million for 1974, that's zero. Supplemental services, $146 million, that's zero. Impacted aid, "A" children, is zero. Education for the handicapped, from $37 million to zero. Vocational education, from $475 million to zero. And adult basic education, $51 million.

So your 1974 budget suggests $2.527 million.

Secretary Weinberger. Right.

Senator Magnuson. And also we must add to that $244 million for the school lunch program now carried in the agricultural budget, which would also be included, bringing the total to $2.771 million.

Secretary Weinberger. Right, and as you see, that is virtually the same figure, when you include the school lunch program from Agriculture, that we requested in 1973. So that although those programs go to zero they are substituted by the revenue sharing.

Senator Magnuson. In revenue sharing.

Secretary Weinberger. Revenue sharing substitutes for that.

Senator Magnuson. All right.

Well, now, it is the middle of May, and I do not think anyone would suggest that educational revenue sharing would pass the Congress before we completed our bills on the 1974 budget, unless I read it wrong.

Senator Stevens. What is worse is that the State legislatures have adjourned, having already planned their budgets for fiscal 1974.

Senator Magnuson. Based upon these figures?

Senator Stevens. Based upon the old approach.

Senator Magnuson. Now, when we get to the point where we are passing this bill and revenue sharing has not been enacted, what do we do?

Are you going to recommend we put back these amounts?

Secretary Weinberger. Well, Senator, at this point we are putting our entire faith in the ability of the Congress to pass what we consider to be a far better bill.

Senator Magnuson. We have the ability to pass it. Yes, we have that, but whether we exercise that ability is the question.

[General laughter.]

Secretary **Weinberger.** We want to give you every opportunity.

Senator **Magnuson.** What I am afraid is we are running into a time problem here.

Secretary **Weinberger.** There is a time problem here. This, unfortunately, would not be the first year that there is considerable uncertainty in the schools.

Senator **Magnuson.** We would have to have a continuing resolution to continue the continuing resolution.

[General laughter.]

Senator **Magnuson.** That is the first time that ever happened around here with me.

Secretary **Weinberger.** No real need of that. We can simply pass the educational revenue sharing bill and the whole thing would be complete.

Senator **Magnuson.** Yes, I understand that.

Senator **Stevens.** You have got to admit it may be unrealistic to think it is going to be finished by July 1.

Secretary **Weinberger.** No, Senator, I am not going to admit that. I know there are a lot of people who feel that the battle should be given up now. But it seems to me the States should try, since revenue sharing involves getting rid of 32 very narrow, outmoded programs which require the States to waste a tremendous amount of money and manpower in qualifying for them. The advantage of this program is that a single formula check would come out automatically without application, without the States being forced into the need to raise matching funds. These are very real advantages, and we should not lose them easily by saying it is too late, and giving up. We believe that this is a much better way for the Federal Government to assist in funding education at the local level, and the dollar totals are about the same. We just think that we should not simply renew a series of old programs because the time is getting short. We think that these old programs have long since fulfilled their needs in many cases, or in many cases were much too narrow for any of the school systems really to benefit; and that they did have the effect of trying to turn the Congress into a national school board in trying to provide for each separate need by adding another category every time someone came along with an attractive sounding proposal.

If you just lump the money together, send it out in a check, the States can compute how much they are going to get and so can the school districts. They do not have to waste manpower applying for it. They do not have to wait around for us to turn it down or suggest revisions or in some cases not fund it at all.

So we do not feel, and the President does not feel, that we should give up lightly on this program, and the fact that it is late, I should think, should simply give added impetus to the need to pass it.

Senator **Stevens.** Perhaps you are being unrealistic, Mr. Secretary, if you think that things are moving right along in this Congress. There are additional problems that have been brought to light recently. In addition, there are other programs that are going to occupy a substantial amount of Senate time. The Cambodian issue is a case in point.

Senator **Magnuson.** They are over there voting on it now, over there discussing it now, defense.

Senator **Stevens**. It is unrealistic to believe that the authorization bill will be passed in time for us to handle it with the appropriations bill, and if we had set the goal to start it in fiscal 1975 and passed the legislation in a calm period after these have been extended for 1 year, I think we could achieve the goals we seek.

Mr. **Cardwell**. Do you not think we will be right back where we are, next year at this time?

Secretary **Weinberger**. That is my concern, that if we do not pass it this year, that it will simply go on from year to year because everyone will always say there is not time to consider anything as new as this.

And I think that we would absolutely guarantee the defeat of this proposal if we simply say that we cannot get it passed before July 1.

Senator **Magnuson**. But you are faced with the reality here of——

Secretary **Weinberger**. Well, we have 7 weeks here.

Senator **Magnuson**. I know your adherence to this education revenue sharing, and I am not suggesting that I would not vote for the bill. I do not know. I will have to take a close look at it, but what I am worried about in the meantime, is all these other things. You either have to come back and ask for them, or we have to put them in subject to the passage of the educational revenue sharing.

Secretary **Weinberger**. We have almost 7 weeks, and I do not think that is unrealistic.

Senator **Magnuson**. I think you are Alice in Wonderland if you think that.

Secretary **Weinberger**. We have had two hearings on the subject in both Houses, and we just do not believe——

Senator **Magnuson**. Well, if they do, then our problem is simple over here.

Secretary **Weinberger**. That is right, yes.

Senator **Magnuson**. Well, I am worried about needing another continuing resolution for some of these programs because it is not the administration's intention to cut out these programs. They are merely trying to shift the programs from one, from a Federal appropriation to a flat appropriation for revenue sharing in which they can then decide what they want to do.

Secretary **Weinberger**. It is our intention to end the 32 programs that would be folded into this educational revenue sharing. It is not our intention to say the States should not have any funds. We want to give them the funds with greater flexibility, and with a much greater net value, Mr. Chairman.

Senator **Magnuson**. I understand the argument for revenue sharing. Now let's take $475 million for vocational education. You have got zero. Now, no one, I do not think any of us want to cut vocational education out.

Secretary **Weinberger**. We certainly do not. We think it is very important and necessary.

Senator **Magnuson**. And impacted aid for "A" children. You do not want to cut that out. There would be an argument about the "B's", and——

Secretary **Weinberger**. We have not requested that.

Senator **Magnuson**. In the title I program, you do not want to shut that off, I am sure.

Secretary **Weinberger**. We certainly want education for the educationally deprived to continue. With respect to the impacted aid, again we think that it is——

Senator **Magnuson**. Or the school lunch. You could not get that cut out of the Congress. I tell you that.

Secretary **Weinberger**. No one is suggesting that.

Mr. **Cardwell**. Mr. Chairman, I think you touched on a very good idea awhile ago. You could appropriate the $2,771 million that is available in the contingent fund for the enactment of the Better Schools Act, and that would give the schools ample forecasts. They would know what was coming, what was expected.

Senator **Magnuson**. But you want to reverse it. We want to put the money in subject to the enactment, and you want to reverse it.

Mr. **Cardwell**. No, no. I said it would be a very good idea.

Secretary **Weinberger**. Put it in subject to the enactment of this bill.

Senator **Magnuson**. Well, we have to. We cannot let this be zero.

Secretary **Weinberger**. We are not requesting that it be zero, sir, but we are requesting that the 32 narrow programs be phased out and be ended by the substitution of this one.

Senator **Magnuson**. Well, under the Revenue Sharing Act, you will have these programs going.

Now, say that that is finally done. I am sure that we would suggest in the bill that the minute this becomes law, then you would have the authority to shift these programs.

Senator **Stevens**. That is right.

Senator **Magnuson**. We would give you that authority. I do not see how we could pass the education revenue sharing without doing that, but in the meantime, if it is 6 months or 8 months, I would not want to just let it go, as you suggested. But if and when revenue sharing is passed, you would have sufficient time to do what you are suggesting and have the authority to do it.

Secretary **Weinberger**. Well, Senator, Mr. Cardwell has made the point that if these programs are not folded into a special revenue sharing program as requested by the administration, I would foresee that we would just go on from year to year with a continuation of those 32 programs which we do not feel should be funded as separate categorical programs.

Senator **Magnuson**. Well, that probaby will be what happens with the Legislative Committee, if they have not resolved the educational revenue sharing. They just ran a simple extension of the programs that are involved here. That is what I think they would do.

Secretary **Weinberger**. Well, we believe that is not the right way to go, and that is not, as I say, in our budget request before you this morning. We have the requested amount for the educational revenue sharing program.

IMPACTED AREA AID

Senator **Magnuson**. And now another problem we will have when we get to the floor is that, even if you had revenue sharing, or even under the present budget, which is zero, you are changing the formula on impacted aid.

Secretary **Weinberger**. Yes, sir. We are requesting that the——

Senator **Magnuson**. Tell us how you are changing it.

Mr. **Cardwell**. We are proposing, in a way——

Senator **Magnuson**. In a way? Oh, brother.

Mr. **Cardwell**. We are proposing, first, that the Congress allow the so-called B authority to expire, which it does automatically at the end of this fiscal year.

Senator **Magnuson**. Well, that is a big change.

Mr. **Cardwell**. That it not be renewed. That is in effect——

Senator **Magnuson**. But you are changing the program on the "B's".

Secretary **Weinberger**. We propose to fund the——

Senator **Magnuson**. What is the amount? What is the amount that you gave me the other day, 54 percent?

Secretary **Weinberger**. Fifty-four percent for the balance of fiscal 1973, and then we are asking that it not be continued at all in 1974.

Senator **Magnuson**. And the balance of 1973, add 68 percent.

Mr. **Miller**. Sixty-eight is right. That was just put in the House second supplemental.

Senator **Magnuson**. So you are making a 14-percent change in the "B" students, no matter what happens here, one way or the other?

Mr. **Miller**. It is about 5 or 6 percent. "B's" were only 73 percent last year.

Senator **Stevens**. Well, your proposal is zero for 1974 there, is it not?

Secretary **Weinberger**. For 1974 in the "B" category we are proposing zero.

Senator **Magnuson**. I meant for 1973, you are changing the formula. In 1974, you've got a zero.

Secretary **Weinberger**. That is right. Because we think there is no logical basis for it.

Senator **Magnuson**. But with the second supplemental, you will be changing it from 54 to 68 percent?

Mr. **Cardwell**. That's in the House bill. It's under consideration.

Senator **Magnuson**. I see. It's in the House bill.

Now, this is one problem we have up on the floor, and it's a pretty serious one. Some of the problem is in the "B" category. There probably should be a legislative overhaul of this whole business of impacted aid.

Secretary **Weinberger**. We are really asking for that, Senator, particularly the aid.

Senator **Magnuson**. I know, and they haven't touched it.

Mr. **Cardwell**. There has been a steady flow of recommendations to this effect to the executive branch going back to the early 1950's.

Senator **Magnuson**. Well, we'll have to get at that when we get going. I think I understand what this means.

EMERGENCY SCHOOL AID

Now, emergency school aid?

Secretary **Weinberger**. Yes, sir.

We propose in our budget that we provide the second year of funding under this program, which was passed by the Congress last summer. The purpose of the program is to help school districts overcome the problems of desegregation while maintaining educational quality.

Most of the funds are distributed to the States on the basis of the number of minority group children. We are requesting $271 million for this purpose, the same as the 1973 appropriation. Our experience with the earlier, much more limited, emergency school aid program indicated that these extra funds can really help make desegregation laws less disruptive. We are hopeful that the new program will help the many school districts under actual or potential court orders develop successful solutions to their desegregation problems.

Senator **Magnuson**. How much in that?

Secretary **Weinberger**. We're asking for $271 million.

Senator **Magnuson**. We put in for a crash program on this, did we not?

Mr. **Miller**. For 2 years.

Senator **Magnuson**. For 2 years, how much did we put? Five hundred million dollars?

Mr. **Miller**. $75 million each year—$72 million, I think.

Senator **Magnuson**. And how would that affect that program?

Secretary **Weinberger**. This would expand the amount that would be available for this.

Senator **Magnuson**. You will continue with that?

Mr. **Miller**. Until it absorbs that program, and in fact, all of those projects if they are to continue will have to compete for the money in this program. They are not automatically continued.

Senator **Magnuson**. Well, I think the administration asked for $1 billion at one time, didn't they?

Mr. **Cardwell**. Yes, sir, over a period of time.

Senator **Magnuson**. And we put some in a supplemental, didn't we?

Secretary **Weinberger**. A small amount.

Senator **Magnuson**. But you've gone from $71 million to $271 million to continue.

Secretary **Weinberger**. Yes.

Senator **Magnuson**. All right.

Secretary **Weinberger**. All right, sir.

EFFORTS TO IMPROVE THE EDUCATIONAL SYSTEM

The efforts to improve the educational system. The role of the Department's education programs, apart from the job of insuring that students have genuine higher education opportunities and broad assistance in elementary and secondary education, has become very muddled over the years. Many specialized education assistance programs narrowly targeted on individual educational problems have been created, but in an uncoordinated fashion.

We are currently engaged in a process of trying to design a consistant role for the education division as a catalyst for change in the education system. The education amendments of 1972 took significant steps to clarify the situation. The National Institute of Education was established and given the charge of bringing new quality and relevance.

The Institute has now started its operations, and many programs formerly administered by the Office of Education have been transferred to it. The budget for 1974 will provide $162 million for the Institute, of which $25 million will be available for new research and development projects.

Last year's education amendments also authorized the funds for the improvement of postsecondary education. Although this program is still in the planning stages, it shows great promise for increasing the effectiveness and diversity of postsecondary education. We are requesting an appropriation of $15 million for the fund in 1974, which is $5 million more than was appropriated in 1970.

Senator **Magnuson**. Wait a minute. What do you mean by postsecondary education?

Secretary **Weinberger**. After high school.

Senator **Magnuson**. After high school, wouldn't that be in higher education?

Secretary **Weinberger**. Yes, it would be, and this is a fund for improvement of it.

Budget requests for the Office of Education programs, which fall into the area of innovation and capacity building, reflect the results of a program-by-program assessment to determine which activities are useful, which fulfill their objectives or are proven to be basically unproductive. Many are recommended for a phaseout or outright elimination. Those that remain must clearly demonstrate both effectiveness and relevance to national policy goals.

A review of education project grant programs indicates that many of these are producing useful results or hold out a reasonable promise of success. These efforts have been maintained, and in some instances, expanded.

Typical of these is a program to upgrade the so-called developing institutions, primarily small colleges serving a significant number of minority students. The 1973 budget contained an increase of $48 million to fund a special effort to aid a selected number of these institutions become fully developed and self-sufficient. We are maintaining this initiative in 1974.

Our objective is to get these institutions on their feet as quickly as possible. We are not proposing any kind of long-term Federal subsidy.

Senator **Magnuson**. Now, Friday, we had a preliminary markup on the second supplemental in which the administration asked for $100 million. The House cut it to $75 million, and we restored it to $100 million. So obviously, you're going to have to add about, I would say, $80–$85 million to this amount.

If we split with the House——

Mr. **Miller**. Oh, I see.

Senator **Magnuson**. If we can sustain $100 million, we will. But that will be added to this amount you're asking for.

Mr. **Miller**. No. The Secretary's statement is inclusive of the supplemental request in 1973, so the 1974 amount would be the same.

Senator **Magnuson**. This will be $100 million for 1973. Obviously you can't spend it all right in the next 6 weeks, but you can do some commiting.

Mr. **Miller**. I believe the House had language in it, and I believe you confirmed it making the money available until December 31.

Senator **Magnuson**. Oh, that's right because of the time element. We extended it to December 31.

All right.

Secretary **Weinberger**. All right, sir.

CAREER EDUCATION

We're also requesting $14 million in new funds to test career education techniques and models designed through earlier research efforts of the Office of Education. Models are alternate ways of introducing the dimension of career education at various stages in the educational process.

Our objective is to demonstrate effective ways of doing this in all aspects of elementary, secondary, and higher education, but mainly in those programs labeled vocational education. It is not, however, our intention to enter into any long term operational commitment in career education; rather we will encourage school districts, colleges and universities to incorporate validated approaches into their ongoing operations.

RIGHT-TO-READ

We are also planning to maintain the right-to-read and the bilingual education programs. The $12 million requested for right-to-read is requested to be used as leverage to influence the use of much larger sums for reading instruction and other State, local, as well as Federal, educational programs.

It is only by making these efforts more productive that we can hope to achieve our goal of virtually eliminating illiteracy by 1980.

LIBRARY RESOURCES

Senator **Magnuson**. Well, you're doing pretty well in that program, but you're pretty skimpy about libraries. You are teaching Johnny to read, but you're not giving him anything to read.

Secretary **Weinberger**. Well, Senator, the Federal library subsidy accounts for something less than 7 percent of the library funds available for public schools in the country.

Senator **Magnuson**. Well, the librarians will be in here in droves to testify when you get through here.

Secretary **Weinberger**. They may well be; almost anybody whose program is affected has reacted similarly.

Senator **Magnuson**. Well, we'll have to go into that when we get to that because library resources are zero.

Secretary **Weinberger**. Well, that comes up next in the program terminations.

Senator **Magnuson**. In the vetoed bill, we had $247 million. The revised request is $124 million, and the operating level for 1973 is $124 million, and the 1974 request is zero for the library resources. That's a big item.

Instructional equipment, minor remodeling—that is the audiovisual equipment, isn't it? You even have cut that down to $2 million, and we had $50 million last year in the vetoed bill.

All right.

Secretary **WEINBERGER.** Well, you've covered some of these program terminations.

BILINGUAL EDUCATION

Senator **MAGNUSON.** How much have you requested for bilingual education?

Secretary **WEINBERGER.** In bilingual we have got $164 million—wait a minute.

No. I am sorry; I am in the wrong column. It is $35 million. $164,000 is the cost per project that we would have. We would have 143,000 pupils served in bilingual education, as compared to 111,000 last year. We believe it has been successful in showing how non-English-speaking students can be integrated into regular classrooms without interfering with their own ethnic heritage.

Senator **MAGNUSON.** But there you will find that the Senate and the House upped it to $60 million in the vetoed bill, almost doubled it, and you are asking for the same $35 million which you had in 1972, is that not correct?

Secretary **WEINBERGER.** Yes, yes, that is correct.

Senator **MAGNUSON.** The vetoed bill was $60 million.

Do you want to put in the record why you are cutting that down?

Secretary **WEINBERGER.** Well, we believe the amount that has been requested, Senator, is sufficient.

Senator **MAGNUSON.** Yes, but the House and the Senate thoroughly disagree with that. That was practically unanimous, that $60 million, even in conference They disagreed; they thought that there should be more in this program and I do not know, I must admit that we have been, Mr. Secretary, making some progress——

Secretary **WEINBERGER.** I think we have been.

Senator **MAGNUSON.** [continuing] but not enough.

Secretary **WEINBERGER.** Our revised request is $35 million as opposed to the $60 million, and we are requesting $35 million again for 1974. I would say that overall this is, again, one of those programs where we have simply felt that there had to be some reductions made in the totals appropriated, if we were to stay within the total ceilings for the budget that seemed appropriate in view of fiscal policy and revenues.

Mr. **CARDWELL.** I would not say this can be characterized by a reduction, there has been a reduction——

Senator **MAGNUSON.** Well, you suggested $35 million for a long time, and you started out with $10 million, we upped that to $15 million. Then you stuck with us on $35 million and then last year we upped it to $60 million and then you are back now to $35 million.

Mr. **CARDWELL.** Well, I guess the last thing I wanted was to start a debate on what has been appropriated this year. It is pretty clear that $60 million is not a level that we could operate under even if we wanted to. That is not the level that any resolution would recognize.

Senator **MAGNUSON.** When you talk about bilingual education you are talking about a basic problem. You are helping children who do not know how to read or even speak general American English.

Secretary **Weinberger**. Well, we do think that there are limits to the amount that can be profitably spent in a given year on this.

Senator **Magnuson**. Yes, there are limits. Because of the availability of special teaching, it is pretty limited.

Secretary **Weinberger**. We do have a better plan for the allocation of the funds, because, as I mentioned a moment ago, we would be able to serve 143,000 people as opposed to 111,000 in the current fiscal year. We would have about the same number of projects, but we would spend a little less per pupil and therefore are able to serve a great many more people.

Mr. **Cardwell**. It would be money under that plan to finance about $10.5 million of new projects, new first-time projects within the $35 million.

Mr. **Miller**. Mr. Chairman, also——

Senator **Magnuson**. Well, you two and I and the rest have listened for a long time. It always startles me that there are still about 4½ million people, kids, that need bilingual education help, and we are only talking about reaching 160,000 of these. Now that is not getting the job done. I never realized that there were that many kids that needed this help until about 3 years ago.

Senator **Stevens**. This is a national problem, because what we are really saying is they could have the education in their own primary language and probably succeed, but they would not be able to assimilate into the total national scene.

Secretary **Weinberger**. All I can say is that $35 million is not an inconsiderable sum, and that we think we can do a great deal with it. It is the amount that has been spent in previous years; we have never spent $60 million, and I think that an automatic assumption that by increasing it from $35 million to $60 million you get a much better program is not quite right.

Senator **Magnuson**. I think you could have spent it some way, somehow.

Secretary **Weinberger**. Well, I am sure you could spend it somehow.

Senator **Magnuson**. I am not criticizing what the Department has been doing with the money they have been using; I do not criticize it at all; but when you are talking about 4 or 4½ million kids, and we are only reaching, in this program, 160,000, we are not meeting the need, I do not think.

Mr. **Miller**. Mr. Chairman, we are not taking credit; nor are you aware of the fact that there are $10 million more in the budget for bilingual education earmarked into the emergency school proposal that was proposed both in 1973 and 1974.

Senator **Magnuson**. To get money off of the emergency school proposal is like pulling teeth out of a hat.

Mr. **Cardwell**. It accomplishes the same purpose; it raises the effective level to about $45 million, but you really can come back to the question about Federal role versus the local role. Senator Stevens says it is a national problem, but it is questionable as to whether the Federal Government should finance 100 percent of that.

Senator **Magnuson**. Well, we hear about these programs from our colleagues from areas like southern California, where they have a large Spanish-speaking population. Joe Montoya, a member of this committee, has firsthand experience with this in his State of New Mexico. The programs in New Mexico and Arizona do not even begin to meet the need. Look at New York with its large Puerto Rican population—the public schools cannot seem to handle the problem—they never reach these kids and then there is a huge dropout rate. And the cost of each dropout is far higher in the long run than paying for bilingual education which could help these young people so that they could graduate and take care of themselves.

I don't criticize what the administration has been doing with the money they have had. I understand that it is not easy to train or get bilingual education. The pay in some districts, particularly the poorer districts, is not very good.

Well, all right, we will take a look at it. But I want to tell you that this committee is pretty sympathetic to those Senators that have this serious problem in their areas.

FOLLOW THROUGH

Secretary **Weinberger**. In the other program terminations, we have requested that they be ended because they have either accomplished what they set out to do or show little promise of producing useful results. Follow Through was begun as an experiment to test various methods of compensatory education to consolidate the gains which disadvantaged children acquired in Head Start projects. The period of Follow Through is defined as kindergarten through the third grade. The funding available through 1973 has been able to support five groups of Follow Through students; we do not intend to start a new one.

Senator **Magnuson**. No new one; no new Follow Through at all?

Secretary **Weinberger**. Well, we will increase Head Start.

Senator **Magnuson**. I was going to ask you, what is the status of Head Start?

HEAD START

Secretary **Weinberger**. Head Start is alive and well, and we have asked for more money.

Senator **Magnuson**. Good. Put in the record how much we are going to spend on Head Start.

Secretary **Weinberger**. All right. Here we are, it is from $393 million to $407 million.

FOREIGN LANGUAGE TRAINING

Federal funding for foreign language training and area studies is being withdrawn, because in 15 years of this program's existence, a significant capacity for teaching non-Western language and culture has been established in the Nation's colleges and universities. This program has supported more than 100 foreign area study centers and has trained more than 5,000 specialists in non-Western studies. These programs have developed to the point where Federal funding represents less than 10 percent of their annual budgets, and it is our opinion that these efforts are now strong enough to make it on their own.

We are recommending the termination of the university community services——

Senator **Magnuson**. Now, on the foreign language training, how much will be cut out on that?

Secretary **Weinberger**. $15.3 million.

Senator **Magnuson**. $15.3 million? And you are recommending that that be cut out entirely?

Mr. **Miller**. $14 million of it will be cut out; we would maintain $1.3 million of it.

Senator **Magnuson**. All right. You are recommending termination of community services.

UNIVERSITY COMMUNITY SERVICES

Secretary **Weinberger**. Yes, and environmental education, and nutrition and health projects, because they have produced little in the way of useful results and show no sign of doing a better job in the future. I believe that they are not so much mismanaged as faulty in concept.

The university community services program from its inception has never had a clear definition of its goals and objectives. It spreads an amount of money thinly over many colleges for the vague purpose of getting schools more involved with the communities around them. This has led to many meetings and discussion groups, but has produced little in the way of improved universities or communities. Similarly, environmental education——

Senator **Magnuson**. Well, I might agree with you. There was a lot of political controversy on this. Many felt it should not have been started. And, as you say, quite a small amount is spread out pretty thinly. People paying taxes sort of resented the universities getting into this activity with their taxpayers' money. They felt it was possible to go out individually and speak and have meetings without a special program. There were a lot of political problems in every place they started one.

Secretary **Weinberger**. Yes, that is the sort of experience that we found.

ENVIRONMENTAL EDUCATION, NUTRITION, AND HEALTH

Similarly, evironmental education and nutrition and health have resulted in scattered efforts which, while they may have been worthwhile in themselves—such as encouraging high school students to set up a recycling center—they have had no lasting effect on school curriculum or educational practice.

SOCIAL SERVICES

Now, social services. Mr. Chairman, I think that the committee is pretty thoroughly familiar with that. As you know, you have put a $2.5 billion limitation on that, and for that reason the budget request is for whatever the amount that the States will request up to that $2.5 billion limitation. We have put in new changes in the regulations as we were directed by the Congress to do. If there are any questions on those, I will be glad to try and answer them; but from a budgetary appropriations point of view, there is little we can do with them.

Senator **Magnuson**. Now, the law has not been repealed, has it?

Secretary **Weinberger**. Yes. The law was to the effect that, first of all, there should be a limit of $2.5 billion; second, that we should draw some——

Senator **Magnuson**. No, no, no. I mean the basic law.

Mr. **Cardwell**. The basic law is still in effect.

Secretary **Weinberger**. That is right.

Senator **Magnuson**. That is in effect, and we, in effect, cut down the amount.

Secretary **Weinberger**. That is correct, but you told us——

Senator **Magnuson**. The formula under the basic law still exists within that amount.

Mr. **Cardwell**. The limitation is the amendment to the basic law; the basic law has been amended to fix a limitation on the amount that can be appropriated and applied to title IV.

Secretary **Weinberger**. There is a national ceiling and 50 State ceilings, and you have indicated——

Senator **Magnuson**. They have cooperated.

Senator **Stevens**. Was it not just for 1973?

Secretary **Weinberger**. No, for fiscal 1974 also.

Mr. **Miller**. It is in the basic law and will remain there unless the law is changed.

Secretary **Weinberger**. The basic law now has a ceiling of $2.5 billion and no more.

TOTAL STATE EXPENDITURES FOR SOCIAL SERVICES

Senator **Stevens**. Could we have a chart to show what the States did, how much they requested compared with what they requested in fiscal 1972, 1973.

Secretary **Weinberger**. It was really ballooning then. We will get that for you; we have it, it will not be any trouble.

[The information follows:]

TOTAL EXPENDITURES FOR SOCIAL SERVICES
Distributed by State

States and territories	1972 Actual	1973 Allocation	1973 Revised	1974 Allocation	1974 Estimates
Alabama	$ 11,571,325	$42,140,000	$41,900,000	$42,140,000	$41,900,000
Alaska	4,204,059	3,901,750	3,901,750	3,901,750	3,740,000
Arizona	2,648,530	23,351,250	2,751,000	23,351,250	2,857,000
Arkansas	3,273,092	23,747,250	10,500,000	23,747,250	10,500,000
California	219,841,889	245,733,250	245,733,250	245,733,250	245,733,250
Colorado	18,908,219	28,297,500	24,097,000	28,297,500	28,297,500
Connecticut	8,058,378	37,001,750	37,001,750	37,001,750	37,001,750
Delaware	12,570,049	6,783,250	6,783,250	6,783,250	6,288,000
Dist. of Col.	10,639,761	8,980,250	8,980,250	8,980,250	8,980,250
Florida	42,559,627	87,149,500	87,127,000	87,149,500	87,133,000
Georgia	31,751,657	56,667,000	56,667,000	56,667,000	56,100,000
Guam	172,476	---	246,000	---	262,000
Hawaii	1,200,789	9,712,500	2,588,000	9,712,500	2,892,000
Idaho	1,544,330	9,076,250	8,500,000	9,076,250	8,500,000
Illinois	116,250,775	135,076,500	135,076,500	135,076,500	135,076,500
Indiana	5,920,975	63,522,250	14,775,000	63,522,250	19,211,000
Iowa	10,111,033	34,612,500	13,500,000	34,612,500	14,400,000
Kansas	6,210,577	27,109,000	7,789,000	27,109,000	8,536,000
Kentucky	12,634,934	39,607,000	30,024,000	39,607,000	30,270,000
Louisiana	16,786,267	44,661,250	36,894,000	44,661,250	44,661,250
Maine	6,347,757	12,354,000	9,130,000	12,354,000	9,375,000
Maryland	20,356,398	48,695,250	46,512,000	48,695,250	46,512,000
Massachusetts	15,243,097	69,477,000	69,477,000	69,477,000	69,477,000
Michigan	26,855,979	109,036,000	108,500,000	109,036,000	109,036,000
Minnesota	20,653,000	46,774,250	46,774,000	46,774,250	46,774,250
Mississippi	1,755,132	27,169,000	27,100,000	27,169,000	27,169,000
Missouri	12,594,619	57,063,250	15,923,000	57,063,250	17,310,000
Montana	2,959,950	8,632,000	3,270,000	8,632,000	3,270,000
Nebraska	7,566,426	18,308,750	12,564,000	18,308,750	17,223,000
Nevada	1,623,454	6,327,000	1,980,000	6,327,000	2,178,000

States and territories	1972	1973		1974	
	Actual	Allocation	Revised	Allocation	Estimates
New Hampshire	$2,850,719	$9,256,500	$4,857,000	$9,256,500	$7,530,000
New Jersey	36,616,199	88,446,250	86,810,000	88,446,250	87,100,000
New Mexico	3,738,262	12,786,000	12,786,000	12,786,000	12,786,000
New York	566,588,830	220,497,250	220,497,000	220,497,250	220,497,000
North Carolina	17,981,988	62,597,750	49,635,000	62,597,750	56,069,000
North Dakota	3,333,606	7,587,500	3,957,000	7,587,500	4,557,000
Ohio	19,517,429	129,457,750	92,050,000	129,457,750	109,920,000
Oklahoma	14,060,341	31,623,000	31,623,000	31,623,000	31,623,000
Oregon	24,317,218	26,196,500	26,196,000	26,196,500	26,196,000
Pennsylvania	57,883,858	143,180,250	100,323,000	143,180,250	116,969,000
Puerto Rico	3,261,572	---	4,007,000	---	3,651,000
Rhode Island	6,625,410	11,621,500	11,621,500	11,621,500	11,621,500
South Carolina	5,947,652	31,995,250	31,995,250	31,995,250	31,985,000
South Dakota	2,377,347	8,152,000	2,929,000	8,152,000	2,848,000
Tennessee	14,183,652	48,395,000	48,395,000	48,395,000	48,395,000
Texas	53,500,629	139,854,750	136,601,000	139,854,750	87,162,000
Utah	4,007,775	13,518,500	5,250,000	13,518,500	5,475,000
Vermont	2,433,568	5,546,750	5,500,000	5,546,750	5,546,750
Virgin Islands	368,288	---	221,000	---	221,000
Virginia	16,163,213	57,195,250	32,344,000	57,195,250	40,742,000
Washington	43,985,594	41,335,750	41,355,750	41,335,750	41,335,750
West Virginia	7,118,060	21,382,250	16,035,000	21,382,250	16,035,000
Wisconsin	37,748,207	54,265,750	54,265,750	54,265,750	54,265,750
Wyoming	590,692	4,142,000	608,000	4,142,000	669,000
Subtotal	1,598,214,663	2,500,000,000	2,135,927,000	2,500,000,000	2,163,863,500
Adjustments [1]	+113,896,325		+ 519,005,000		-163,864,500
Total	$1,712,110,988	$2,500,000,000	$2,654,932,000	$2,500,000,000	$2,000,000,000

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[1] The adjustment in 1972 represents use of 1972 funds to complete 1971 requirements, as well as adjustments between State requirements and Federal grant awards. In 1973, the adjustment represents use of 1973 funds to complete 1972 requirements, and close-out costs resulting from the limitation legislation. In 1974, the adjustment shows the effect of management initiatives.

INCREASE IN RATES

Secretary **Weinberger**. There were some—I think Maryland—that went from something like $2 million to $261 million overnight, practically. But we have the whole chart, so we will be glad to——

Senator **Stevens**. Also, Indiana did not request any. Did they increase their request now that they have——

Secretary **Weinberger**. Well, over the summer and the fall of calendar 1972, the requests were going up at a tremendous rate. It would have been around $6 billion for 1974 if the Congress had not put a ceiling on it.

Mr. **Cardwell**. I think there are about 20 States that still are not spending up to the amount that they could obtain by way of Federal matching within the ceiling.

Senator **Stevens**. The great problem of this program is the same problem about the revenue sharing. The administration's request did not have a pure per capita formula on it; by the time it got to the House, my memory is they tacked the per capita concept on to this one, too, and we find that the small States do not even get enough money to maintain the administrative side of their program.

Secretary **Weinberger**. Each State now has a ceiling, and——

Senator **Stevens**. Based on the per capita concept.

Secretary **Weinberger**. Yes, historically, it largely is population. The Alaska ceiling is $3.9 million.

Senator **Magnuson**. Who set the ceiling?

Secretary **Weinberger**. The Congress.

Senator **Stevens**. Congress did. We set the level at about $19 million and we got put back to $3.9 million because the House insisted on that per capita concept. This is going to happen to your revenue sharing proposal, too, Mr. Secretary, and I think it is going to have a very tough time over here if they keep it up in the House.

Secretary **Weinberger**. Well, the education special revenue sharing has a formula based on needs, educational requirements, and the general revenue sharing has more than population built into it.

Senator **Stevens**. I understand that is the administration's request, but that is not the plan emerging from the House.

Secretary **Weinberger**. Well, we have made no request to change the formula in the general revenue sharing bill; I do not know what the House is going to do to it.

But in any event, we did suggest a lot of different kinds of tightening, and the insurance that the social services funds, under the new program, would go to people most in need within these ceilings.

Senator **Stevens**. Well, I requested last year that you be given the discretion to allocate the money that is not requested by the States under their individual ceilings to other States that might have greater needs, still totaling below the $2.5 billion ceiling. I am going to do that again this year.

Secretary **Weinberger**. That was not enacted, though.

Senator **Stevens**. I think it was not enacted because your predecessor did not support it. As long as we have set a ceiling of $2.5 billion, and appropriate $2.5 billion, why can't the Department accept the fact that some States do not want this aid, while other States need it vitally? As long as we are within the $2.5 billion limitation, why do you not want the authority to allocate it?

Secretary **Weinberger**. The ceiling is exactly that, and if requests for qualified programs under the new regulations come in at $2.5 billion, they will have to be and will be funded at $2.5 billion. But at the moment, States are requesting less than their authorized totals under the ceiling, and those sums that they request will be funded. We do not think it is necessary to go out and force them to spend more than they requested.

Senator **Stevens**. No, you misunderstand me. There are some States that need more than the ceiling. I think we can demonstrate that, there are 12 States that were lowered by that last years action by the House.

Secretary **Weinberger**. Fifty States were lowered in expectation.

Mr. **Cardwell**. You are talking about the transfer of unused balance from the cities?

Senator **Stevens**. I wanted to give you a quarter by quarter order to reallocate on the basis of the requests of the States. If Indiana doesn't want their money and Washington does, why can't you still, within the $2.5 billion limitation, exercise the discretion and recognize the needs of Washington? Washington, like Alaska, sustains high unemployment, and the demands for social services are greater than in some other States. Indiana, with a planning economy that does not need a tremendous amount of services is not requesting its full amount. I understand there are 20 States not requesting their full amount.

Mr. **Cardwell**. That is my recollection; I can perfect that.

Secretary **Weinberger**. We have a table as of September 1972. I do not know what the current figures are, but as of that time, there are several that were not requesting their full total, and Indiana was certainly one of them.

Senator **Stevens**. Why is it you request only $2 billion when we authorized $2.5 billion?

Secretary **Weinberger**. That is an estimate. It is like interest on the national debt. We estimate that is the amount based on what the States have indicated to us they would request.

If they want more then $2.5 billion and if they can come in with qualified programs under the new regulations, whatever they come in with will be funded up to the $2.5 billion.

We have put in a request of $2 billion because that is what the States' programs indicate at this point they will spend.

Senator **Magnuson**. And now that the State legislatures have met, most of them, they will be able to estimate much better what matching funds they have.

Secretary **Weinberger**. I think so, but there is a new element in that the regulations themselves have changed as the Congress directed, so that it will take at least a year for the States to readjust some of their social service programs so as to take care of people more in need.

Mr. **Cardwell**. The creation of the ceiling in itself caused the States to go back and reassess more realistically their original estimates. They were grossly overstated in that first onslaught.

Senator **Magnuson**. Well, some of them should have reassessed it. In some cases, you have got so many people running around on this program, that they fall all over themselves.

Senator **Stevens**. It still is not directed toward the need at all; it does not recognize regional differences.

Senator **Magnuson**. There are some States that need it more. I do not think they fare too well in State legislatures at this time.

Secretary **Weinberger**. Obviously, there is not much State legislation needed, because what they have——

Senator **Magnuson**. Well, what I mean is, if they have to do some matching, they have to have a payroll.

Secretary **Weinberger**. They have to have some matching, and most States have the authority to do that, but in any event——

Senator **Magnuson**. But some of them did not get all of the money they wanted.

Secretary **Weinberger**. No, sir.

WELFARE SERVICES

Senator **Magnuson**. All right, welfare services.

Secretary **Weinberger**. This whole section of the statement on social services runs through page 35, Mr. Chairman.

Senator **Magnuson**. All right. We will put all of that in the record. I think we have discussed that.

[The information follows:]

SOCIAL SERVICES

The Department's social services programs--including Vocational Rehabilitation and Special Programs for the Aging--stimulate the provision of services to disadvantaged groups, such as the poor, the aged, and the disabled. They supplement HEW income support programs by providing services which either prevent welfare dependency or help people to leave the welfare rolls. The services for the aged are designed to prevent institutionalization and restore links with active community life. Spending on all HEW social service programs is estimated at slightly over $4 billion in 1974.

Welfare Services

The most controversial program in HEW during the last year has been the program of Social Service for current, former, and potential public assistance recipients authorized by Titles IV-A and XVI of the Social Security Act. While this program required Federal matching payments of less than $400 million only four years ago, 1972 payments reached $1.7 billion and, shortly before Congress enacted a $2.5 billion limitation on Federal matching for this program, it looked as if it could hit $6 billion in 1973. This spurt in Federal outlays resulted primarily from the States' ability to use the vague definitions in law and HEW regulations to reclassify many on-going State activities as part of their social services plans, thereby claiming Federal matching payments which replaced State funds formerly spent on these programs. Undoubtedly, there has been some genuine expansion of services to the poor, but we believe that a very high percentage of the recent increases in social service matching payments has simply gone to refinance prior State funded activities.

In both 1971 and 1972, the Department sought to limit increases for social service matching payments through general provisions in the HEW Appropriation Act. These efforts were, unfortunately, unsuccessful. Congress, however, did finally take action by including a $2.5 billion limitation on Federal matching for social services as a part of the general revenue sharing bill enacted last summer.

We have followed up on this Congressional action by thoroughly revising the implementing regulations. We have received many comments since we published proposed regulations on February 16, and the final regulations--announced on April 26--reflect those suggestions which help accomplish our purpose and comply with the legislative mandate.

The purpose of these new regulations is to specify clearly the eligible services and target groups for which Federal matching will be available and to close off the loopholes which permitted the massive refinancing of State funded activities. The regulations seek to reduce overlap between this program and other forms of assistance to the poor. Thus, social service matching payments can no longer be used for subsistence, medical or mental health care, rehabilitation services, or for education programs normally provided through the regular school system. The list of mandatory services is confined to those explicitly mentioned in the Social Security Act, allowing greater State flexibility not to provide services that they judge to be inappropriate or unproductive.

During the past several months there has been a great deal of confusion concerning the impact of our proposed regulations--especially in regard to their impact on day care for children. The new regulations will provide an increase in child day care for working recipients--from 317,000 child care years in 1973 to 532,000 child care years in 1974. Moreover, the total of all Federally subsidized day care under the Social Security Act will rise to 998,000 day care years in fiscal 1974, compared to 694,000 in the current year. The new regulations limit the provision of free day care services to families with incomes below 150% of welfare payment standards. A sliding fee scale is required beyond that. No Federal subsidies can be provided to families with income beyond 233% of the welfare payment standard. We believe that this arrangement will target Federal day care funds on those in greatest need and preserve the proper work incentives.

The budget estimate for Federal matching payments for social services is based on State estimates which we received last November. This was after the limitation was enacted but, of course, well before our regulations were published. At this time, the States estimated that they would claim $2,160,000,000 of the authorization for Federal matching payments. When we were putting the finishing touches on the HEW budget last December, we made a preliminary estimate that our final regulations would reduce Federal matching at least $160 million below the State estimates. Thus, the appropriation request now pending before your Committee is for $2 billion.

REGULATIONS ON DAY CARE FOR CHILDREN

Secretary **Weinberger**. The next one will be special programs for the aging at the bottom of——

Senator **Magnuson**. Now wait a minute. Before you leave page 34, you say, in the last paragraph, "that during the past several months there has been a great deal of confusion concerning the impact of our regulations, especially in regard to their impact on day care for children."

Secretary **Weinberger**. That is correct.

Senator **Magnuson**. Explain that to us.

Secretary **Weinberger**. Well, we had proposed, as the Congress directed new regulations for day care centers. These new regulations establish eligibility, program criteria, and the acceptability of private funds. The first draft of the regulations caused quite a considerable outcry because people saw that there were going to be some children from middle and even upper income families who were no longer going to be eligible for free, federally supported day care services. The final requlations were published April 30, and they demonstrate that we will have a substantial increase in child day care for working recipients, and that the federally supported programs will have to be utilized by working parents. Under those circumstances, we will increase the number of child care years from 317,000 this fiscal year to 332,000 child care years in the next fiscal year.

The total of all federally subsidized day care under the Social Security Act will increase from 694,000 at the present time to just under a million day care years. New regulations limit the provision of free day care services to families with incomes below $1,500 of the welfare payment standards.

Senator **Magnuson**. What are those standards?

Secretary **Weinberger**. They vary from State to State.

Senator **Magnuson**. Incomewise?

Secretary **Weinberger**. Yes. They vary from State to State, and the income then is computed on the basis of those welfare payments standards, so that in Alaska for instance a person with an income of over $10,000 is still eligible for federally supported day care. In other States it is much lower than that, depending on what the State's welfare payment standards happen to be. We do have the sliding fee schedule so that parents who are a little above that eligibility can still use the center by paying a small portion of the cost. This portion increases with family income.

But there was confusion, because a lot of people thought we had abolished day care centers for children, and some people thought we were trying to abolish children. But we eventually got the final regulations in shape, so that people do understand them and realize that the centers will benefit needy people.

Senator **Magnuson**. How is day care paid? Is it paid to a group, or an established place, or can you have someone come in your home?

Secretary **Weinberger**. Yes, it can be run through the public school system, but it can be done in the other ways you mentioned, Senator. One of the problems the Senate Finance Committee had was that there wasn't any supervision over the donated funds—they were breeding large amounts of Federal dollars—and the whole thing was going into an area that could not be examined, or audited, or reported on to the taxpayers. The new regulations, we believe, eliminate those abuses, but still let us take privately donated funds.

Senator **MAGNUSON**. Just consider a simple case. How would a mother with two small children care for her children if she wants to work? They may be in Head Start or kindergarten, but they have just started school. Or if they are not of school age, how can she get paid for someone coming in? How does that work?

Secretary **WEINBERGER**. Well, the day care services would be provided through the public school system, through some kind of local or State agencies.

Senator **MAGNUSON**. She would apply through the public schools?

Secretary **WEINBERGER**. She would apply.

Senator **MAGNUSON**. Well, suppose they are not in public schools?

Secretary **WEINBERGER**. There are some States in which the service is provided by the school system or whoever runs the day care center.

Senator **MAGNUSON**. Even though the youngsters are not in school, they are not of school age?

Secretary **WEINBERGER**. Yes, that is correct. These are below school-age children for the most part.

Senator **MAGNUSON**. So if someone wanted to make an application, say a mother got a job and she has these two preschool youngsters, she would have to go down to the public schools and register or find out about it, or how does she go about it?

Secretary **WEINBERGER**. Well, she would find out from whom ever is running the program in her area and describe the circumstances that you mentioned. She would in all likelihood be eligible for free day care provided under a program that is paid for, 75 percent by the Federal Government and 25 percent by the State governments.

Senator **MAGNUSON**. I am thinking about the practical matter. Where does she go, and how does she go about it?

Secretary **WEINBERGER**. It depends upon who runs the day care program.

Senator **MAGNUSON**. How does she know who runs it?

Secretary **WEINBERGER**. Well, there are a lot of informational services. In many parts of the country, only about 15 percent of the total service is in child care centers, most of it is home care.

Senator **MAGNUSON**. Most of it is home care?

Secretary **WEINBERGER**. Yes.

Senator **MAGNUSON**. So if there was a child care center around the neighborhood or something, she would probably be aware of that.

Secretary **WEINBERGER**. Yes.

Senator **MAGNUSON**. But if there isn't, then——

Secretary **WEINBERGER**. Many employers can provide this information at the time she gets the job.

Senator **MAGNUSON**. All right.

Now, the other we have covered; about the $2 billion.

Secretary **WEINBERGER**. Right.

Senator **MAGNUSON**. I think it should be noticed that your estimates are $2,160 million, but that is only—that has to be an estimate.

Secretary **WEINBERGER**. That is all it is, and if it goes to $2.5 billion, then $2.5 billion will be funded.

SPECIAL PROGRAMS FOR THE AGING

Now we have sections on special programs for the aging. The 1974 budget continues the President's commitment to provide more than $200 million for carrying out the Older Americans Act; $100 million is included for nutrition services, and the budget includes $96 million for community planning, model projects, and service delivery programs.

Senator **Magnuson**. I have been asked how this affects the so-called Foster Grandparent program?

Mr. **Miller**. We do not administer the Foster Grandparent program.

Senator **Magnuson**. That is in OEO?

Secretary **Weinberger**. This would be in ACTION. I do not know which committee it would go before.

Senator **Magnuson**. Oh, it is in "Related Agencies." We will get to that later.

Head Start we know about.

Secretary **Weinberger**. Yes.

REHABILITATION

The program of grants to States for vocational rehabilitation has a proven record of accomplishment in enabling physically and mentally handicapped people to lead self-sufficient and productive lives. With the funds requested for 1974, it is estimated that 350,000 people will be rehabilitated, an increase of 10,000 over our current estimate for 1973.

We will continue the priority of providing rehabilitation services to people on the welfare rolls who could profit from these services. In 1974, it is estimated that 70,000 public assistance recipients will be rehabilitated, an increase of 7,700 over our estimate for 1973.

Senator **Magnuson**. Now how does this fit in? First of all, we put a little money in the second supplemental for that National Commission on the Handicapped, you know, the one that Russell was president of.

Secretary **Weinberger**. Yes.

Senator **Magnuson**. Then there is the Alliance of Businessmen who get into that too, now does this affect them at all? Are they still——

Secretary **Weinberger**. No, those are separate programs.

Senator **Magnuson**. Oh. Those are another related agency?

Secretary **Weinberger**. Yes, the Labor Department.

In addition, the new supplemental security income program includes special funding for rehabilitating the blind and disabled eligible for this program. The 1974 request includes $39 million for payments to State agencies for this purpose. This will support 142,000 referrals for rehabilitation services.

We also are asking to continue services to the developmentally disabled, primarily children suffering from mental retardation and other congenital handicaps. This is a relatively new program and the States have had some difficulty in setting it up, but we expect that by 1974 all States will be operating programs and that 80,000 people suffering from developmental disabilities will be served.

Senator **Magnuson**. Well, does that overlap the mental health areas?

Secretary **Weinberger**. Well, it is children in this special field

Senator **Magnuson**. It is mainly children?

Secretary **Weinberger**. Yes.

Senator **Magnuson**. That is what I want to get into the record. This is zeroed in toward children, whereas the other mental health programs are zeroed in more toward adults.

Secretary **Weinberger**. They are more toward research.

Senator **Magnuson**. All right.

Now, on the supplemental income program, you are going to use "Rehabilitation" money. Now, are there enough funds in the budget in this request to serve all welfare recipients? Mr. Richardson told us once that is what they wanted to do.

Will you be back again for additional amounts or is there enough?

Secretary **Weinberger**. No, we are asking $39 million for 142,000 referrals. How many there are who are actually eligible, I couldn't tell you this morning, sir, but the amount we are requesting is for 142,000.

Senator **Magnuson**. Maybe you will have to ask for a supplemental, because it is a pretty difficult job to find out who is eligible under this particular program.

Mr. **Cardwell**. The tendency is to overstate the number that we could process in a given year.

Senator **Magnuson**. This is going to be a very difficult job, where you get your background data and everything and put it all together.

What I am trying to say is, I am sure Congress would want to be sure there is enough money in the budget to keep this program going, and not to stop it because you ran out of money. Then you would have to come up with a supplemental request and there would be a delay again.

Mr. **Miller**. Mr. Chairman, this program does not go into effect until January, and this is, in a sense, just a half-year estimate.

Senator **Magnuson**. So you can get at it at that time. All right.

Secretary **Weinberger**. Part of the federalization of these programs.

RESEARCH AND TRAINING

Research and Training: Social and Rehabilitative Services is currently engaged in a process of terminating research activities which are marginal, unproductive, or overlapping. Funds that remain will be targeted on projects which are more relevant to the development of policy and the effort to improve the efficiency of social service delivery systems.

The 1974 budget proposes to phase out all special training programs for social workers, vocational rehabilitation workers, specialists in aging, and other social service disciplines. Here again, our view is that the manpower market, stimulated by the general student assistance programs, will produce an adequate supply of trained manpower to carry out these social services programs.

On organization and staffing——

Senator **Magnuson**. Now, wait a minute. You are cutting out community services.

Secretary **Weinberger**. No, we are cutting out the special training services for workers in these fields.

Senator **Magnuson**. And then you are cutting out the aging funds, $8 million.

Secretary **Weinberger**. Again, the special training, or specialists in aging——

Senator **Magnuson**. We have been getting all kinds of mail on that item.

Secretary **Weinberger**. Well, I think the colleges and universities that run this program want to see it.

Senator **Magnuson**. So, we're going to have to take a look at it.

DECENTRALIZATION—ORGANIZATION AND STAFFING

Secretary **Weinberger**. Organization and staffing; the desire to decentralize decisionmaking has been characteristic of this administration from its beginning. Significant progress in strengthening the Department's regional offices has been made in the last couple of years.

We have given this whole effort greater impetus by revising the reporting arrangements for regional directors. Rather than reporting through an assistant secretary, they now report directly to the Under Secretary and Secretary. This should insure that regional directors participate more fully in top-level policy decisions at HEW.

Senator **Magnuson**. And if they do and they become indoctrinated in that process, then it seems to me you will have to consider, too, that when you pull the regional directors up to this capacity, you will have to give them a little more authority to make spot decisions in the regions.

Secretary **Weinberger**. That's right, and we are doing that, and we are increasingly encouraging it.

Senator **Magnuson**. The fact that they couldn't make decisions has caused a lot of confusion and then it gets back here and it gets bogged down in redtape. And if the regional directors have more authority they could do better.

Secretary **Weinberger**. That's what we're proposing.

Senator **Magnuson**. I ran into it out in my region. We had a very fine director out there.

Secretary **Weinberger**. You do, indeed.

Senator **Magnuson**. And I don't think he is complaining, but I complained to him because he can't make decisions.

Secretary **Weinberger**. For your information, Senator, he was one of the architects of this new plan. He's been back in Washington helping us develop it, and he is one of the best that we have. I believe very firmly that regional directors should have an active participation in the decisionmaking process, and that's precisely the course we are on. They will be able to talk about and make decisions on educational grants and health grants and things of that kind; locally, under broad guidelines, we established——

Senator **Magnuson**. Yes, and then it can be based, too, on his best judgment of what the top-level program is.

Secretary **Weinberger**. They'll deal with local people, Governors, mayors, your regional offices, your field offices, and I think it will be a much better organization all the way through.

Senator **Magnuson**. Well, I hope so.

Secretary **Weinberger**. Another change that we're talking about in the Office of the Secretary is the redesignation of the Assistant Secretary for Community and Field Services to the Assistant Secretary for Human Development. This Assistant Secretary now has line responsibility for the Office of Child Development, including Head Start, the youth development and delinquency prevention, student affairs, and Indian programs and aging. We believe that bringing together these special impact programs will sharpen the focus of these activities and improve their efficiency.

DHEW STAFFING

On staffing; full-time permanent employment for the Department is estimated at 115,000 at the end of fiscal year 1974, about 2,600 less than our current estimate for 1973, but about 11,000 more than were on duty at the end of 1972.

And of course, the principal factor tending to increase our employment is the federalization of the adult categories of public assistance. This new administrative job has been estimated to add 15,000 employees to social security, but I think we should bear in mind that this is a job that is now being performed by 32,000 State employees.

We are going to try to do it with fewer than 15,000 if we possibly can. The major factors tending to decrease our employment are the transfer of St. Elizabeth's, which we discussed, with about 4,000 people; discontinuation of inpatient care in the public service hospitals, about 3,000 people; and program reductions and eliminations for about 2,400 people.

That completes the general statement that we wanted to make.

Senator **Magnuson**. What are you going to do with these 3,000?

Secretary **Weinberger**. We would no longer need them because we would have the inpatient care taken care of by contract with other State and community institutions.

Senator **Magnuson**. I understand.

Secretary **Weinberger**. Some of the reduction would be solved by attrition. There might have to be some transfers to other units within the Department, and as is always the case, we make every effort to place these people rather than having to use the RIF procedures.

Senator **Magnuson**. Now, the 116,000—that includes both here and the field, the whole business?

Secretary **Weinberger**. Yes, sir. That's the whole department.

Senator **Magnuson**. And it doesn't include the Social Security Department?

Secretary **Weinberger**. It does indeed. It's a whole department involvement.

Senator **Magnuson**. No. I mean out in the field.

Secretary **Weinberger**. It does involve——

Senator **Magnuson**. You're getting away with—how many are on social security?

Secretary **Weinberger**. Social security would have about 69,000 out of that. We have more coming in for this federalization, which is a huge job.

Senator **Magnuson**. And you don't include unemployment compensation where we pay part of it, like in a State.

Mr. **Cardwell**. It does not include the State welfare.

Senator **Magnuson**. No. And you add all those up and it comes to a considerable sum.

Secretary **Weinberger**. Well, it's a very large department. There's no question about that.

REORGANIZATION OF HEALTH SERVICES

Senator **Magnuson**. Now, on Friday, on May 4, you announced the reorganization of health services in Mental Health Administration.

Secretary **Weinberger**. Right.

Senator **Magnuson**. We received a copy of the press release late that evening. There wasn't too much time for interested members to get to read it.

Secretary **Weinberger**. My information was there had been some briefing of the committees.

Senator **Magnuson**. I think you ought to put in a few more details in the record about this, so that I understand it.

Secretary **Weinberger**. All right, sir.

REORGANIZATION OF HEALTH ACTIVITIES

We have a good description of that plan both in summary and in detail, and we'll be glad to submit that material to you so that you can use whatever you wish for the record.

[The information follows:]

HEW NEWS

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of the Secretary
Washington, D.C. 20201

BARTH--(301) 443-2065

FOR IMMEDIATE RELEASE
Friday, May 4, 1973

HEW Secretary Caspar W. Weinberger today announced a major reorganization of health activities to sharpen the Department's focus on biomedical research, health service delivery, health resource development and consumer protection.

Harold O. Buzzell, 40, former Deputy Manpower Administrator of the Department of Labor, was named by the Secretary to implement the proposed administrative reorganization under Assistant Secretary for Health Dr. Edwards, and then take over as director of the Health Services Administration, one of the five health agencies.

"I am confident that this restructuring of the agencies reporting to Dr. Edwards will increase the efficiency and effectiveness of the Department's health programs and facilitate the development of sound policy in this area of our responsibility," the Secretary said.

HEW presently contains three health agencies: The National Institutes of Health which supports biomedical research and training of health manpower; the Health Services and Mental Health Administration which contains major health services development and delivery programs, and the Food and Drug Administration which is the Department's major consumer protection arm.

Under the reorganization, there will be five Department health agencies:

- The Food and Drug Administration remains unchanged.
- A new Health Services Administration will contain the health service grant and direct delivery programs.
- A new Health Resources Administration will contain the health services data gathering and surveillance activities, and health service demonstration programs. The Bureau of Health Manpower Education will be transferred to this new agency from NIH.
- The Center for Disease Control, headquartered in Atlanta, Georgia, will remain essentially as it is, with the addition of the National Institute for Occupational Safety under its direction.

. The National Institutes of Health--which loses the Bureau of Health Manpower Education--will gain the National Institute of Mental Health, formerly part of the Health Services and Mental Health Administration.

In effect, under the Secretary's proposed reorganization, the Health Services and Mental Health Administration will be split into three separate agencies--the new Health Resources Administration, the Health Services Administration, and the Center for Disease Control.

Directors of the newly proposed agencies have not yet been named.

Under the reorganization, which follows recommendations made to the Secretary by Dr. Edwards, the five agencies would constitute the new makeup of the overall Public Health Service.

Secretary Weinberger said the Department's new health structure would become effective as soon as Dr. Edwards can implement the reorganization proposals.

He said the changes would be carried out "with minimum disruption of personnel and physical location of all agencies involved."

Secretary Weinberger also directed Robert H. Marik, Assistant Secretary for Administration and Management, to work with Dr. Edwards and with James Dwight, Acting Administrator of the Social and Rehabilitation Service, and Arthur Hess, Acting Commissioner of Social Security "to examine ways to strengthen the policy role of the Assistant Secretary for Health in the Medicaid and Medicare Programs."

Any further reorganization resulting from this examination will be announced later.

# # #

HEW NEWS

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of the Secretary
Washington, D.C. 20201

FOR IMMEDIATE RELEASE
Friday, May 4, 1973

HEW Secretary Caspar W. Weinberger today appointed Harold O. Buzzell, 40, former Deputy Manpower Administrator of the Department of Labor, to implement reorganization of the Department's Health Agencies.

Buzzell will take over as Director of the current Health Services and Mental Health Administration during the reorganization and then assume leadership of the newly-proposed Health Services Administration.

The reorganization includes splitting HSMHA into three separate agencies.

"Mr. Buzzell," said the Secretary, "is ideally suited to carrying out the Department's plan to reorganize and decentralize the Department's key health functions and infuse our new approach with new magnitudes of responsiveness and efficiency."

Buzzell participated in direction of the Labor Department's Manpower programs from February, 1972 until January of this year--where he was responsible for a $4 billion budget and 2,400 employees.

Buzzell was with Booz, Allen & Hamilton for nine years before assuming his post at Labor. He served primarily as a consultant and vice president for the Federal Government division of the New York management firm.

He also served as vice president and managing officer of that firm's studies and analysis division and as managing officer for financial management services. He comes to HEW from Arthur Young & Company, a Washington public accounting and consulting firm, where he was Assistant Director of the Government Services Office.

"In his years as a management consultant," said Secretary Weinberger, "Mr. Buzzell dealt with at least 40 Federal agencies and has amassed extensive experience in the health services area."

Secretary Weinberger said that "effective management is the major challenge of this position. Decentralizing our health programs and returning them to local control, while maintaining policy direction, is of paramount importance.

"It requires a high degree of management expertise, administrative skill and an intricate knowledge of government. Mr. Buzzell brings all of these qualities to the task of running this $2 billion agency," said Secretary Weinberger.

"What he did for the Department of Labor," he said, "was establish a line management approach, directing placement of most of the programming, contracting and service features of their manpower effort at the regional level. He can do that for us."

As Deputy Manpower Administrator at Labor, Buzzell was responsible for allocating funds to the Department's ten regional offices and State and local sponsors, ensuring that regional office operating plans were efficiently executed, for coordinating technical assistance and training activities, and for collecting and utilizing management information.

Before joining Booz, Allen & Hamilton, Mr. Buzzell served as Assistant Treasurer and Controller for Guilford Industries in Guilford, Maine, and as a Cost Accountant and Division Controller for the Scott Paper Company in Chester, Pa.

Buzzell is a native of Oakland, Maine, and a graduate of the University of Maine with a major in business administration and a minor in accounting. He was in the Navy from 1951 to 1955.

Buzzell is married to the former Natalie Gilbert of Oakland, Maine. They have four children and reside in Silver Spring, Maryland.

# # #

MEMORANDUM FROM CASPAR W. WEINBERGER

TO Assistant Secretaries
Agency Heads
DATE May 3, 1973

FROM The Secretary

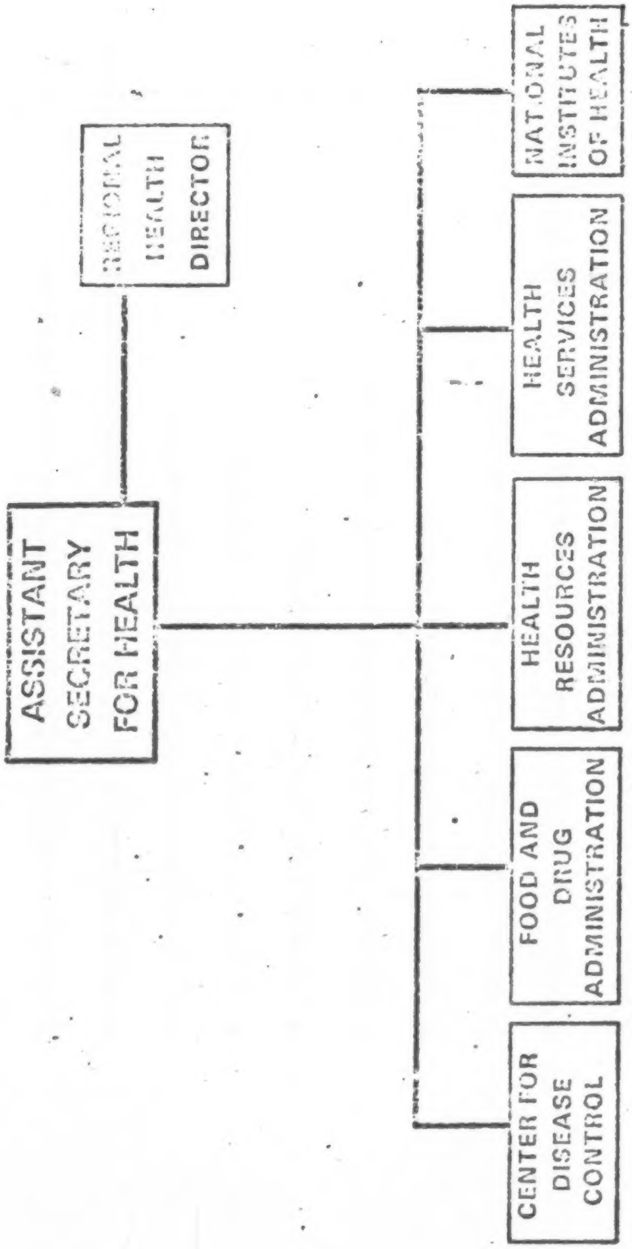
SUBJECT Reorganization of Health Agencies

I am today approving a reorganization of the health agencies of the Department. I am confident that this restructuring of the agencies reporting to the Assistant Secretary for Health will increase the efficiency and effectiveness of the Department's health programs and facilitate the development of sound policy in this area of our responsibility. The reorganization follows recommendations made to me by Dr. Charles Edwards and has my full support.

Dr. Edwards has recommended establishment of five agencies under the direction of the Assistant Secretary for Health. The Food and Drug Administration will remain unchanged. There are two major changes involving the National Institutes of Health. The Bureau of Health Manpower Education will be transferred to a new agency, and the National Institute of Mental Health, including the alcohol and drug abuse programs, will for the time being be transferred to NIH. A new Health Services Administration will contain the health service grant and direct delivery programs from HSMHA. In addition, a new Health Resources Administration will contain the health services research, data gathering and surveillance activities and the health service demonstration programs from HSMHA as well as the Bureau of Health Manpower Education from NIH. The Center for Disease Control will become a free-standing agency for preventive health activities with the National Institute for Occupational Safety and Health under its administrative direction.

The Assistant Secretary for Administration and Management should work with Dr. Edwards in implementing this decision and in further study of the final placement of the service programs in NIMH.

In addition, I am directing ASAM to work with Dr. Edwards, the Acting Administrator of SRS, and the Acting Commissioner of Social Security to examine ways in which the policy role of the Assistant Secretary for Health can be strengthened in the Medicaid and Medicare programs. To the extent that further organizational changes are necessary as a result of this examination, they will be announced at a later date.


ASSISTANT SECRETARY FOR HEALTH
REGIONAL HEALTH DIRECTOR
CENTER FOR DISEASE CONTROL
FOOD AND DRUG ADMINISTRATION
HEALTH RESOURCES ADMINISTRATION
HEALTH SERVICES ADMINISTRATION
NATIONAL INSTITUTES OF HEALTH

HEALTH RESOURCES ADMINISTRATION

- NATIONAL CENTER FOR HEALTH STATISTICS
- NATIONAL CENTER FOR HEALTH SERVICES RESEARCH AND DEVELOPMENT
- COMPREHENSIVE HEALTH PLANNING SERVICE
- NATIONAL HEALTH SERVICE CORPS
- HEALTH MAINTENANCE ORGANIZATION SERVICE
- HEALTH CARE FACILITIES SERVICE
- REGIONAL MEDICAL PROGRAM SERVICE
- EMERGENCY MEDICAL SERVICES PROGRAM
- MATERNAL AND CHILD HEALTH RESEARCH AND TRAINING ACTIVITIES
- NURSING HOME IMPROVEMENT TRAINING ACTIVITIES
- OTHER HEALTH SERVICES RESEARCH AND TRAINING ACTIVITIES
- BUREAU OF HEALTH MANPOWER EDUCATION

HEALTH SERVICES ADMINISTRATION

- COMMUNITY HEALTH SERVICES
  (EXCEPT FOR NURSING HOME TRAINING)
- MATERNAL AND CHILD HEALTH SERVICE
  (EXCEPT FOR RESEARCH AND TRAINING)
- NATIONAL CENTER FOR FAMILY PLANNING SERVICES
- FEDERAL HEALTH PROGRAMS SERVICE
- INDIAN HEALTH SERVICE

CENTER FOR DISEASE CONTROL

- CENTER FOR DISEASE CONTROL
- NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH
- BUREAU OF COMMUNITY ENVIRONMENTAL MANAGEMENT

NATIONAL INSTITUTES OF HEALTH

- RESEARCH INSTITUTES AND DIVISIONS
- NATIONAL LIBRARY OF MEDICINE
- NATIONAL INSTITUTE OF MENTAL HEALTH

3

INELIGIBLES RECEIVING WELFARE

Senator **Magnuson**. Now, do you have any record up-to-date on the amount of ineligible people receiving welfare?

Secretary **Weinberger**. Well, the basic information we have is that it varies.

Senator **Magnuson**. Numberwise or percentagewise?

Secretary **Weinberger**. I guess the percentage varies greatly. In some of the larger States, it runs as high as 30 percent, but it is in the 18-percent category if I recall it correctly, and there are about 15 million people on public assistance. So this would give you roughly the numbers. We could get more detailed figures on that.

Senator **Magnuson**. Well, there is bound to be some. You can't get way from that.

Secretary **Weinberger**. No. Our quality control regulations are designed to reduce it substantially over a 3-year period, and we hope eventually to get to zero. But we are not cutting off funds before the States can remove ineligible people from the rolls.

MISUSE OF EDUCATION FUNDS

Senator **Magnuson**. So, you have got that problem with misuse of education funds, that you have been working on. And you have got a plan to clear up the problem.

Now, put that in the record, will you?

Secretary **Weinberger**. We will do that. That's a problem that I have been studying with great seriousness, and we certainly will put in the record what we hope to do about that.

Mr. **Miller**. That also was formally transmitted to you.

Senator **Magnuson**. Oh, we have one here that we will put in the record.

Secretary **Weinberger**. All right, sir.

Senator **Magnuson**. All right.

Thank you.

Secretary **Weinberger**. Thank you very much.

We appreciate the hearing.

[The information follows:]

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

Dear Senator Magnuson:

This is in response to your request for a plan for absorbing the 1973 impact of the backdating of approximately $55 million in Education Division grants and contracts subsequent to the end of fiscal year 1972, the year in which they were to have been obligated. We regard the backdating problem as a very serious matter and have taken a number of steps to determine its causes and have ordered corrective actions to assure that it will not be repeated.

Enclosed is a table which provides the details of the HEW plan. We believe that this plan permits us to absorb the effects of the backdating problem on fiscal year 1973 without serious programmatic consequences. As the plan shows, over half of the 1973 reductions due to the backdating will be offset by shifts in funds within budget activities, early funding in fiscal year 1974, use of unobligated balances, and other actions.

We are proposing to shift funds between activities within three appropriations: Education for the Handicapped, Vocational and Adult Education, and the National Institute of Education. With the exception of a $23,000 reprogramming between two activities in vocational and adult education, all of the shifts are within budget sub-activities. The specific activities and amounts are shown in the enclosed plan. We do not propose any shifts between appropriations, for which we lack proper authority.

In only three instances would continuation costs end the current year below 1972 levels: Bilingual Education, Dropout Prevention and Supplementary Services. The Bilingual and the Dropout Prevention programs would be reduced across the board an average of approximately 5 percent and 30 percent, respectively. Further, eleven of the twenty-one States affected by the backdating in the area of Supplementary Services under Title III of the Elementary and Secondary Education Act would have to reduce 22 and eliminate 1 of a total of 46 individual projects.

In conclusion, we believe that the enclosed plan allows us to avoid serious cutbacks in areas of high priority. We hope this plan will meet with your approval.

Sincerely,

Secretary

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PLAN FOR ABSORBING 1973 IMPACT OF BACKDATING OF EDUCATION DIVISION GRANTS AND CONTRACTS

Appropriation/ Activity Affected	Original 1973 Operating Level	Total Amount Contracted After 6/30/72	Effect of Backdating Action: Loss in Base Amount	%	Loss in Expansion or New Projects Amount	%	Reprogramming	Funding from 1974 Appropriation	Other	Revised 1973 Plan
Elementary and Secondary Education:										
Supplementary services (discretionary).................	$ 20,088,000	$ 1,481,109	$ 554,555	17	$ 926,554	10	$ ---	$ ---	$ ---	$ 18,606,891
Education for the Handicapped:										
Deaf-blind centers............	10,000,000	5,795,000	---	—	1,162,000	46	---	4,633,000	---	4,205,000
Early childhood projects.......	12,000,000	5,871,020	---	—	4,353,557	97	+1,517,463	---	---	7,646,443
Regional resource centers......	7,243,000	2,112,652	---	—	3,130,115	84	-1,017,463	---	---	4,112,885
Innovation and development.....	9,916,000	3,223,539	---	—	3,223,539	33	---	---	---	6,692,461
Media services and captioned films.......................	13,000,000	848,332	---	—	1,012,332	34	-164,000	---	---	11,987,668
Recruitment and information....	500,000	363,095	---	—	199,095	89	+164,000	---	---	300,905
Special education and manpower development..................	37,610,000	8,471,562	---	—	5,471,562	27	---	3,000,000	---	29,138,438
Specific learning disabilities.	3,250,000	---	---	--	500,000	--	-500,000	---	---	2,750,000
Total, Education for the Handicapped...............	93,519,000	26,685,200	---	—	19,052,200	--	---	7,633,000	---	66,833,800
Vocational and Adult Education:										
National advisory council, Vocational Education.........	330,000	(23,000)	---	--	---	—	(+23,000)	---	---	330,000
Curriculum development.........	4,000,000	413,082	---	--	---	—	---	413,082	---	3,586,918
Innovation (discretionary).....	13,741,917	23,000	---	--	23,000	--	(-23,000)	---	---	13,718,917
Total, Vocational and Adult Education.................	18,071,917	436,082	---	--	23,000	—	---	413,082	---	17,635,835

			Effect of Backdating Action							
Appropriation/ Activity Affected	Original 1973 Operating Level	Total Amount Contracted After 6/30/72	Loss in Base Amount	%	Loss in Expansion or New Projects Amount	%	Reprogramming	Funding from 1974 Appropriation	Other	Revised 1973 Plan
Educational Renewal:										
Follow through	$ 57,700,000	$ 6,432,775	$ —	—	$ —	--	$ —	$2,459,323	$ 3,973,452[1]	$ 51,267,225
Bilingual education	35,130,000	1,852,149	1,624,149	5	228,000	100	—	—	—	33,277,851
Dropout prevention	8,500,000	2,549,867	2,549,867	30	—	—	—	—	—	5,950,133
Environmental education	3,180,000	2,025,500	—	—	2,025,500	66	—	—	—	1,154,500
Educational statistics	4,250,000	1,774,938	—	—	218,000	16	—	1,213,000	343,938[2]	2,475,062
Planning and evaluation	10,205,000	30,478	—	—	30,478	1	—	—	—	10,174,522
Adult education, special projects	7,000,000	257,256	—	—	257,256	3	—	—	—	6,742,744
Right to read	12,000,000	1,072,342	—	—	—	—	—	1,072,342	—	10,927,658
Education professions development - Part D, Urban/rural program	53,660,000	1,078,797	—	—	—	—	—	—	1,078,797[3]	52,581,203
Total, Educational Renewal	191,625,000	17,074,102	4,174,016	—	2,759,234	—	—	4,744,665	5,396,187	174,550,898
National Institute of Education:										
Experimental schools	103,180,000	4,739,618	—	—	—	--	4,739,618	—	—	96,253,310
Basic research		1,422,494	—	—	—	--	1,422,494	—	—	
D.C. School project		764,578	—	—	—	--	764,578	—	—	
Other R & D		—	—	—	6,926,690	—	-6,926,690	—	—	
Total, National Institute of Education	103,180,000	6,926,690	—	--	6,926,690	—	—	—	—	96,253,310
Transfer from Department of Labor:										
Manpower training services	9,200,000	2,331,253	—	—	—	—	—	—	2,331,253[4]	6,868,747
GRAND TOTAL	435,683,917	54,934,436	4,728,571	—	29,687,678	—	—	12,790,747	7,727,440	380,749,481

1/ Prior year unexpended balances ($3,223,452) and savings from limiting project funding period to 12 months ($750,000).
2/ Savings associated with reduced computer and printing requirements.
3/ Early completion of 12 projects. 4/ Prior year unobligated balances.

PUBLIC RELATIONS

Senator **Magnuson**. Well, I'll tell you something and I ask this question because we get so many reports up here. But 2 years ago, the budget sent out a directive to all Federal agencies including HEW and told them to cut out all public relations activities. I don't mean public information. That was allowed. But anything that the White House thought was propaganda could not be released. In the theory, that made good sense.

But we keep hearing how the White House has gone full circle on this issue. A few weeks ago, a group of writers at NIH were told to start working up press releases that could be used in editorials, magazines and smalltown newspapers. And some of the writers apparently were told to include certain derogatory statements about the Congress; and people in social security have been reprimanded for not complying with the orders.

Now, if there's one agency that shouldn't be involved in this sort of thing, I think you will agree with me, it's social security.

Secretary **Weinberger**. I certainly agree, Senator. The problem there is a misunderstanding halfway or three-quarters of the way down the line as to what is desired in public information. There are a lot of very complicated things being done in the health field by the National Institutes, and it is desirable that we advise the people of what progress is being made and what is being done.

There is no suggestion and anyone who told anyone there was any suggestion that we should put out material that was useful simply for propaganda, or for attacking the Congress, is following totally incorrect instructions. And the NIH acting directors have been advised of this.

And if there were instructions that were given contrary to that, they have been completely changed as a result of the direct intervention by the Secretary into that matter when I read the same article that you have before you.

Senator **Magnuson**. Yes. Well, this article and one or two others on this subject were written by local people—we can put these in the record.

[The information follows:]

[From the Washington Post, May 8, 1973]

Social Security Fails in Writing Chore

(By Mike Causey)

The writing staff at the Social Security Administration (SSA) has been hauled to the bureaucratic woodshed for failing to show proper and sustained enthusiasm for its chores: To write weekly newspaper and magazine articles "suitable" for the by-line of HEW Secretary Caspar W. Weinberger.

Like other HEW units, the giant insurance office last month was assigned a quota of feature articles and editorial page pieces it must crank out. The purpose is to blow HEW's horn where appropriate and/or indicate disastrous failure in programs with which the White House disagrees.

Like a few other HEW units, Social Security balked at the chore, primarily on grounds that it had other work to do. Some employees also objected, fearing they were being sucked into a political propaganda operation. Furious over what it considered "quibbling" by Social Security, HEW's political public affairs apparatus struck back with the bureaucratic version of flogging, a set of nasty memos.

Writing, apparently under orders from political appointees, Sandford H. Winston, the career man who is acting head of HEW public affairs, informed Social Security that he was "very disappointed with the newspaper article you submitted in response to my request last week. It was not usable and thus a waste of everyone's time."

Winston told SSA's public affairs chief that the government-produced story was "not of the caliber needed to (1) deserve the Secretary's signature and (2) attract the attention of any serious publication." The story was called "purely pedestrian" and "not up to the quality needed for the Secretary." In effect, Winston told the SSA staff to shape up or ship out, and to have a "fully researched and professionally written article" worthy of Secretary Weinberger's signature completed "by the close of business on Tuesday of each week * * *"

SSA's top public affairs official, Russell Jalbert, replied to topside with an apology of sorts, for the "unprofessional" article, then explained the problems of the assignment.

Jalbert said in an April 10 memo, "we will do our best to meet your one-a-week schedule for writing articles worthy of the Secretary's signature. To do this we have assigned a senior writer to work on the project * * *" The memo said the writer would be given help with "research and other writing backup, too."

But the memo to HEW said that Social Security has "very serious reservations about delivering 52 top quality articles a year about social security even with 'special effort' use of manpower."

"SSA, as you know, does not generate a continuing series of newsworthy activities on which to peg op-ed editorials * * * We are an operating agency which routinely maintains social security records and pays out regular social security and Medicare benefits. Because of our size and character, there certainly are a number of feature articles or op-eds here, but we see no way of guaranteeing 52 a year."

Jalbert said that most professional writers would want more than a week to produce the 800-word articles demanded of them, for the by-line of the boss, but "despite these problems, as I said, we will do our best."

That reply infuriated HEW's political appointees, who themselves have a quota of articles to produce on orders from the White House. They had Winston send another rocket to Social Security on April 12.

After thanking SSA for its comments on the assignment, he said, "We are well aware of the effort necessary for general interest articles we requested." Then, in a warning to the SSA writing staff, Winston noted:

"Other agencies are complying without undue difficulty and without complaint. With the resources available to you, we see no valid reason why SSA cannot meet this requirement. Hence, it is reaffirmed.

"The need for 52 brand new stories a year would be valid, of course, only if you were sending the article to the same newspapers each week which we definitely will not be doing."

This being deadline day, Tuesday, ghost writers at all HEW units will be busy polishing their required stories for submission, and political clearance, by close of business. They will be read by critical editors to determine if they are suitable for the Secretary's signature, and for palming off to newspapers and magazines. Those who pass muster today will start worrying about next Tuesday. Those who bobble the assignment will be waiting for the next burning memo from topside. If all else fails, HEW is going to have to abandon its writing program or give the assignments directly to the Secretary.

The taxpayers, of course, are footing all the bills for these extra writing assignments, and HEW's rejection slips. Last fall this column reported on a similar article, written for then HEW Secretary Elliot L. Richardson. It was a justification of administration spending plans, and a slap at big spenders in Congress. The Reader's Digest ran the story, with Richardson's by-line. Then HEW bought reprints of the Reader's Digest article, which it had written, and distributed them to the press and public, completing the circle.

[From the Washington Post, Apr. 25, 1973]

NIH PEDDLING ANTI-CONGRESS EDITORIALS

(By Mike Causey)

In a new move in the White House's battle against congressional budget-busters, the Administration has ordered federal workers to crank out weekly "canned" editorials which it hopes to peddle to newspapers and magazines.

Federal workers have already been ordered to write—and officials to give—speeches blasting big spenders in Congress. Now, the National Institutes of Health, a major unit of HEW, has told publicists to supply 800-word editorials explaining the Administration's controversial health spending priorities. It hopes the articles will be picked up by publications such as the Reader's Digest, and small-town newspapers hungry for news "features."

Public information officers at NIH got their production quotas several weeks ago from Storm Whaley, a political appointee who is associate director for communications. At the session, Whaley told dozens of NIH writers and aides to come up with an editorial a week on selected health subjects.

Employees were told that the editorials were to be used, in some cases, as feature stories which would carry the by-line of HEW Secretary Caspar W. Weinberger, or other top officials. They were told to write the editorials in such a way as to make them usable for speeches, magazine features or editorials for small-town newspapers which frequently use so-called canned or mass-produced editorials.

Several workers—fearing they might be caught up in a fight between the White House and Congress—asked that the editorial directive be put in writing. They were told that verbal authorization is all that was necessary. NIH earlier warned employees to preclear talks with Congressmen, reminding workers they could be disciplined for violating the anti-lobbying law.

Whaley told this column that the editorials are not intended to be political but rather "to describe some of the activities we are interested in." He said they are to be "sort of a modified press release of about 800 words." Topics assigned so far include glaucoma, arthritis, the atomic heart pace-maker, and venereal disease. Despite the rather grim titles, employees say they've been told to include digs against the Congress for "wasteful" spending plans that would duplicate and confuse present government research.

Writers at NIH report that several editorial offerings have been rejected by HEW officials, who gave them a tongue-lashing because the material contained "too much information" and not enough pro-Administration, or anti-Congressional, material.

Some employees feel the editorial quota is part of the White House-program called "Battle of The Budget—1973." Details of that push were first outlined here April 4.

The battle of the budget document, in looseleaf notebook form, went to information chiefs at all federal agencies. It directs them to enter the crowd war against the "Far Out Fifteen," legislative programs which Mr. Nixon opposes. The document tells speech and press release writers how to attack "big spenders" in Congress, and advises them to lace speeches with "one liner" anti-Congress jokes, and to warn the taxpayers of a 15 per cent income tax boost, if Congressional bigspenders have their way. As also reported here, a number of agencies have been assigned speech making quotas, under which officials are to seek out, and speak before, influential groups on the Battle of the Budget.

While the canned editorials do qualify as legitimate public information, they also could be viewed as lobbying in view of the battle between Congress and the White House over health fund priorities. Using the government's information facilities to write, distribute and locate major media markets for the editorials would give the Administration a public relations head start the Congress couldn't match.

[From the Washington Post, Apr. 30, 1973]

WRITERS BALKING AT HEW

(By Mike Causey)

Politicians at Health, Education and Welfare have been having production problems with their big stable of writers who have been ordered to crank out self-destruct speeches and articles.

For the past month HEW and other federal agencies have been busy working up magazine pieces and speeches attacking the spendthrift Congress and supporting administration programs. As reported here April 4, agencies were supplied guidelines from the White House that told them how anti-congressional material was to be written.

The speech kit, called "The Battle of The Budget 1973" included epithets-for-Congress to be placed into speeches, and targeted the "Far Out Fifteen," a list of programs the administration says would cost $9 billion and require a tax increase. Many of the areas being attacked by the coordinated White House effort are in the health or welfare field.

(As a result of articles here about the administration effort, the General Accounting Office is investigating for Sen. Edmund Muskie (D-Me.) whether the law forbidding federal employees from lobbying has been violated. Consumer Crusader Ralph Nader is also seeking a court order, to block use of the Battle of the Budget kit by federal agencies.)

Another part of the operation is the requirement that federal agencies find, write up and use "horror stories" about their own activities which Mr. Nixon wants killed or curtailed. One thing the political appointees forgot, however, when issuing the orders to career workers was that they were asking many of them to write themselves out of a job. The employees, however, were well aware of the problem.

The result of the exercise, at least at HEW, was that political strawbosses got poor term papers from employees. In pursuit of anti-spending speech and "feature article" material on government boon-doggles, HEW assigned different units to various writing chores. They produced a mixed bag, partly because many employes didn't understand the orders, and also because of plain old bureaucratic sabotage.

National Institutes of Health, as reported here April 24, was told to produce until further notice weekly stories of about 800-word length. Idea was to explain what NIH is doing—and not doing—in the health field. The stories are to be used either as "canned" editorials sent out to small-town newspapers, or as articles for major mass-circulation magazines carrying the byline of HEW Secretary Caspar W. Weinberger or other top officials.

Workers at the Social Rehabilitation Service were ordered to dig up usable "horror stories" on, of all things, the Social Rehabilitation Service. The plan was to use the stories to convince the public, and Congress, that large chunks of SRS could be eliminated.

Writers at the Health Services and Mental Health Administration (HSMA) either balked at, or blew, their assignments for HSMA-related horror stories. HSMA is slated for gutting, and the horror stories were to be a part of the justification.

The items turned in by employees at HSMA, and SRS, in particular, were considered so bad by top political appointees that a reprimand was ordered.

Louis H. Helm, next in line to be assistant secretary for public affairs (the top HEW press job), directed the wrist-slapping letter to the HEW writers. Although he instigated the letter, Helm had a top HEW career information officer sign it.

Top brass at HEW are still puzzling over the failure of their information staff to come up with their required writing, forgetting that what they have asked the employees to do is much like asking them to help sharpen the ax and then advising the best way to position their own heads on the chopping block.

NO NEED FOR PROPAGANDA

Secretary **Weinberger**. When a man gets reprimanded for writing a poor article, then he is apt to go to the press and say he was told to write propaganda and things like that. But the simple fact of the matter is we don't want any propaganda. We do feel there's a legitimate field for advising the public on what we are doing, particularly in rapidly changing fields.

Senator **Magnuson**. Well, I'm sure that's true, but we run into so much of it.

Secretary **Weinberger**. No question that we are not in business to propagandize.

Senator **Magnuson**. I knew what your feeling would be about this.

Secretary **Weinberger**. It's very strong, but the problem is with 116,000 people running around, every once in a while someone will put out an incorrect statement, and then it gets in the papers, and then we do have to insure that it doesn't happen again. And that is exactly what we have tried to do.

We don't need propaganda, and we aren't requesting any money for it.

Senator **Magnuson**. Some Senators have that same trouble in their own little offices.

Secretary **Weinberger**. Every once in a while.

Senator **Magnuson**. We can't keep track of everything.

All right. We thank you very much, and that was an able presentation. I don't agree with it all, but——

Secretary **Weinberger**. I'm afraid that's probably right.

Senator **Magnuson**. It was simply given to us, and I think we understand the Department position on these matters.

Secretary **Weinberger**. That's our hope, and we'll be glad to supply any additional information.

Senator **Magnuson**. We'll hear from the others in some detail.

SUBCOMMITTEE RECESS

Now, we will stand in recess. We will try to hear from Commissioner Marland this afternoon.

Thank you very much.

Secretary **Weinberger**. All right, sir.

Thank you.

[Whereupon, at 12:38 p.m. the subcommittee was recessed to reconvene at 2:30 p.m. the same day in room 1223, Everett McKinley Dirksen Office Building.]

[Afternoon Session, 3:10 o'clock, Monday, May 14, 1973]

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

EDUCATION DIVISION

STATEMENT OF DR. SIDNEY P. MARLAND, ASSISTANT SECRETARY FOR EDUCATION

ACCOMPANIED BY:

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION—DESIGNATE

DR. THOMAS K. GLENNAN, JR., DIRECTOR FOR THE NATIONAL INSTITUTE OF EDUCATION

CHARLES B. SAUNDERS, JR., ACTING DEPUTY ASSISTANT SECRETARY FOR POLICY COMMUNICATION

RUSSELL EDGERTON, PROGRAM MANAGER, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

JOE G. KEEN, BUDGET OFFICER

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

RENEA HICKS, BUDGET ANALYST

BUDGET REQUEST

Senator STEVENS. I understand we have now resumed hearings on the fiscal year 1974 budget for HEW.

This afternoon we have with us Dr. Sidney P. Marland, who is Assistant Secretary for Education. He will give us an overall picture of the budget for what the sign-painters call the Education Division. That includes the Office of Education, the National Institute of Education, as well as the new Fund for Improvement in Postsecondary Education.

I would like to read Senator Magnuson's statement.

I have had the opportunity to look through Dr. Marland's statement. I must say I was disappointed because it does not give us a good overview of the education budget. Of course, the positive aspects of the budget are covered but the statement fails to acknowledge some very serious reductions that are proposed in the budget. For example, nothing is said about the proposed elimination of library programs which have in the past been of tremendous help to public libraries as well as school libraries. Nothing is said about impacted area aid, particularly for category "B" children. Payments for the "B" children have been an important component of this program ever since it began.

The Chairman indicates that the legislation may also need revision—I understand that is a legislative authorization. We would hope that Dr. Marland would discuss in greater detail some of the items I have mentioned.

I understand that this is intended to be an overview presentation. However, if details can be given on the positive aspects, why then can we not see all of the cards on the table?

With that in mind, would you introduce your associates for the record, Dr. Marland, and then proceed as you wish.

INTRODUCTION OF ASSOCIATES

Dr. **MARLAND.** I will indeed Thank you, Mr. Chairman.

My associates are, on my right, first Dr. John Ottina, Commissioner of Education-designate. On his right, Dr. Thomas Glennan, Director of the National Institute of Education. On our left there is Charles Miller, who will be back shortly, I am sure. He is the Deputy Assistant Secretary for Budget in HEW. In the second row, Mr. Chairman, we have Mr. Charles Saunders, Deputy Assistant Secretary for Education in charge of Policy Communication; Dr. Russell Edgerton, the Acting Director of the Fund for the Improvement of Postsecondary Education, and Mr. Joseph Keen, our principal budget officer in the Office of Education, and one of his associates, Mr. Renea Hicks, budget analyst.

OPENING STATEMENT

Mr. Chairman, members of the committee, I will respond in due course to the questions raised in the opening statement from the chairman, but first I will, if you will permit me, read a brief prepared statement, Mr. Chairman, and then come to the issues which Mr. Magnuson has raised.

I appreciate this opportunity to provide a general overview of the President's budget for the Education Division. However, before discussing that portion of the budget specifically included within the Department of Health, Education, and Welfare, I would like to describe the magnitude of the Federal activity in this field, education.

For total Federal support of education, the budget calls for a total education expenditure of $13.8 billion in fiscal 1974, a $247-million increase over estimated 1973 outlays. Almost two-thirds of the total comes from agencies outside the Education Division of the Department of HEW—principally for direct support programs such as assistance for former servicemen under the GI bill, student payments and for children of deceased or disabled social security beneficiaries, and education of American Indians under the Department of the Interior.

There are also a number of indirect support programs—support for university research, school lunches, professional manpower training, and agricultural extension services.

Looked at another way, some 46.7 percent of the Federal budget is allocated for human resources, including education, as opposed to 30.1 percent for defense. This continues the dramatic reversal of budget priorities which has taken place since the President's first year in office, when 34.4 percent went to human resources and 44 percent to defense. In dollar outlays this shift is even more dramatic—while spending for national defense has remained virtually at the 1969 level of $81 billion, spending for human resources has increased from $63.5 to $125.5 billion from 1969 to 1974.

For the Education Division, comprising the U.S. Office of Education, the National Institute of Education, and the Fund for the Improvement of Postsecondary Education, the budget requests $5.3 billion. That budget sustains the highest priority programs while reducing relatively marginal programs to make way for new initiatives to reshape the Federal role in aid to education at all levels.

NEW FEDERAL EDUCATION ROLE

Essentially, this new Federal role is as a catalyst for reform. For years the Federal Government has channeled aid to education through various narrow-purpose programs, each with its own federally proscribed regulations, guidelines, and reporting and auditing requirements, not to mention evaluations. While each such program, in its time, was undoubtedly desirable, the accumulation of these categorical programs has become inefficient and redundant. Heavy administrative burdens are imposed at both State and local levels, not to mention the Federal level.

As categorical programs and their special requirements have proliferated, Federal aid has increasingly posed serious difficulties in the efforts of State and local agencies to meet their own educational needs. These agencies have found it harder and harder to focus effectively Federal dollars in compatibility with local and State needs.

CONSOLIDATION OF PROGRAMS

Therefore, the administration's budget continues to stress the consolidation of various programs providing formula grants to the States for elementary and secondary education. The Better Schools Act of 1973, which lies at the heart of this budget that we put before you, would fuse over 30 programs into a single authority. Funds would be available for asistance in broad areas of national concern such as education of the disadvantaged, education of the handicapped, and vocational education. Under this broader authority, States and localities would have greater freedom to determine their own priorities and to decide how best to meet these priorities.

The 1974 request includes more than $3 billion for elementary and secondary programs: $2.5 billion under the Better Schools Act, or $2.8 billion including the school lunch program carried in the Agriculture budget; $271 million for Emergency School Assistance to meet the additional costs of school desegregation; $94 million for demonstration and training programs for education of the handicapped; and $181.5 million for other programs.

Among these other programs, major priorities are for bilingual education and for the further development and refinement of career education through demonstrations, curriculum development and vocational and adult education special projects. The budget also provides $120 million for the Office of Education's educational development activities such as training programs with high impact on the disadvantaged and the career education effort, the right-to-read program, and the improvement of data systems.

POSTSECONDARY EDUCATION GOALS

In postsecondary education, the major goal of the administration's budget is to insure that anyone, whatever his financial circumstances, has access to education beyond high school. The budget would provide $1.8 billion for postsecondary education, an increase of $116 million over the revised 1973 level, reflecting the administration's continuing commitment to increasing postsecondary opportunities. Student grant assistance is increased by $337 million over 1973 and $739 million over 1972. The total recommended for basic education opportunity grants, work-study and federally subsidized loans will be sufficient to meet existing needs for all students wishing to attend college, assuming continuation of present State and institutional aid programs. For the first time in history, every young person who aspires to postsecondary education may receive it without being barred by lack of funds.

The 1974 budget would increase from $10 million to $15 million a new program to support innovation and reform in postsecondary education. This program, the fund for improvement of postsecondary education, established by the Education Amendments of 1972, will help fulfill our national commitment to strengthen postsecondary educational opportunities. While other programs extend opportunities for access to postsecondary education, the fund will work to improve the effectiveness and the quality of postsecondary education itself.

The population seeking postsecondary education now includes over half of all high school graduates as well as many individuals beyond college age, as they might traditionally be viewed. Many of these new students have new and diffierent interests and learning styles as a result of the multiple cultural and technological changes at work in our society. Many are from socioeconomic groups previously under-represented in postsecondary education, or from circumstances which prevent them from attending traditional, residential postsecondary institutions. To improve the effectiveness and quality of education for this new population, the fund will seek to increase the diversity and cost-effectiveness of postsecondary education through support for new approaches to teaching and learning, new services for new clienteles, and new and revitalized institutional missions.

Support for developing institutions, particularly black colleges and other higher education institutions serving large numbers of minorities, is continued at the fiscal year 1973 supplemental request level of $100 million.

THE NATIONAL INSTITUTE OF EDUCATION

The request for the National Institute of Education totals $162 million, an increase of $19 million for this new agency which Congress established at the administration's behest, to provide vigorous national focus for educational research and development. A number of former Office of Education and Office of Economic Opportunity programs have been or will be transferred to NIE. The Institute will concentrate its activities on three broad areas: Basic studies to strengthen the scientific and technological foundations of education; building an effective research and development system which makes it possible to link research findings with current practice; and large-scale projects focused on certain educational problems that are of major concern.

The final item in my presentation is salaries and expenses for the immediate Office of the Assistant Secretary and the postsecondary innovation staff. Our request of $1,852,000 reflects an increase of $309,000 over the 1973 comparable level of $1,543,000. The immediate office of the Assistant Secretary will remain at 55 positions. The increase of 15 positions for the postsecondary innovation staff provides for a total of 30 positions in that unit to administer effectively this new program.

In summary, the budget for the Education Division maintains the highest Federal priorities for improving education for the disadvantaged and the handicapped, for minorities, for expanding postsecondary opportunities, for research and development on major educational problems and for vocational and career education.

At the same time, the budget would accomplish a needed transition to a more rational and less dictatorial role for the Federal Government in aiding education, a role which would offer assistance in broad areas of national concern and underwrite needed research and development in those areas, while placing greater responsibility for meeting educational needs at the State and local levels where the problems actually are. Such a restructuring of the Federal role should lay the basis for more effective and equitable Federal aid to education in the future.

While this opening statement has been consciously brief, Mr. Chairman, my colleagues and I anticipate extended discussions with the committee on the details of the Education Division budget during the days to come. We will be pleased to respond to questions or to proceed into the presentation of detailed budget requests according to the wishes of the committee, and if I may, Mr. Chairman, I will respond briefly at least and obviously respond to further questions on the items which you raised in your opening statement.

It should be viewed, as the message stated, that this is intended to be a skeletal kind of overview statement that I have just offered in introducing the Education Division's budget. The questions relating to specific issues in that budget, such as library aid elimination and the elimination of the "B" component of impact aid, are things that I would be very happy to discuss today. They will also, of course, be appropriate at the time Dr. Ottina meets with the committee, since he is directly and immediately related to those programs and will be administering the budget that has closed out those programs consistent with administration policy.

DECISIONS ON LIBRARIES

But let me offer one or two generalizations that may at least in part explain these decisions that have come to you in the form of the President's budget. Over the years, some $500 million in the past 15 years or so have been devoted to libraries. The necessary measures taken by the President to bring the budget in line with what he feels are rational capacities to support a budget have necessarily forced us to make difficult decisions.

I do not like to see libraries eliminated. I do not like to see the training of librarians significantly reduced. As a schoolteacher, I am concerned about the sustenance of libraries. Yet, as we look at the record of other priorities faced by the Federal Government, the necessary funds which I have cited to increase opportunities for poor young people to go to college, the necessary funds for serving the handicapped, increases in these areas have forced us to make trade-offs. In the case of libraries, the $500 million that over the years have accrued to libraries have led us to the position that libraries particularly, recognizing the availability of resources under general revenue sharing if States and local districts choose to use their revenue-sharing moneys in this way, are a matter of local responsibility and do not fit with the large priorities at the Federal level.

IMPACT AID REVISIONS

And quickly, on the matter of impact aid for children, concerning the counting of children whose families live off military property but work for the Government, I think it would be safe to say that for several administrations this feature of the impact aid law has been resisted. The President, in this instance, has asked that it be funded at zero for the reason that such people do pay their taxes. They are a part of communities that conventionally support their school systems in conventional ways and the fact that I am a Federal employee and pay my taxes in support of education, would suggest that no supplemental payment from the Federal Government be made for the community where my children go to school, and that is the essence of the budget position on "B" children. The budget does sustain the important responsibility which the chairman of this committee, I believe, helped to inaugurate years ago; namely, the support of school systems where children whose parents live and work on Federal property do attend school elsewhere, and that is quite a different thing.

So these are brief responses to those questions raised in the opening statement, Mr. Chairman.

I would be glad to respond further if you wish.

Senator **Stevens**. On that last item, Dr. Marland, I think we understand what you are trying to do. I still do not think the administration understands the realities of the people who live off military bases. We find in Alaska that some people are authorized off-post allowances, while others are not. It is normally the lower grades that are not. Those that live off base are mostly those who are not allowed the various off-post allowances. The younger military people who live on the periphery of the community in many cases in very unfortunate circumstances, do not contribute to the community, and unless the school districts have the "B" support, a quality education cannot be provided for these people.

I think the reality and the theory of who lives off base should be examined further, because the military does not give the allowances to the lower grade personnel. This has been the experience that we have observed. I have heard other Members of the Senate make the same comment. If we eliminate the "B" category assistance, it would seem to me that they would be the people who would be denied.

MONTGOMERY COUNTY AND IMPACT AID

I feel the same way about living in suburban Washington, D.C. Those in the suburban areas here pay more taxes there than we do in Alaska, and I do not see any reason why various counties in suburban Washington should get any assistance, because as a U.S. Senator I am working in Washington, D.C. However, the military and civilian people who work on base and live off base have a different situation.

We discussed this with Secretary Weinberger this morning. I think we all feel that the administration is now being a little myopic about the timing of the revenue sharing proposal. It is very impracticable that we are going to get that revenue sharing bill passed by the time this HEW appropriation goes to the floor. Unless we work out something that is mutually acceptable, we are apparently going into another round of veto. I think it would be most unfortunate, as the chairman said this morning, to have a continuing resolution on a continuing resolution. But that is what is going to happen unless the administration accepts the fact that revenue sharing cannot pass before the appropriation bill does.

CONSIDERATION OF THE BETTER SCHOOLS ACT OF 1973

Dr. **Marland.** Mr. Chairman, I, of course, was not here for the Secretary's testimony. I do believe that the administration is still firm in its position to seek the Better Schools Act as the way to go with this budget.

I would say, however—and I am sure that the Secretary would say this if he were here—that in terms of the specifics of that proposal, of what was just laid before you, that the method for calculating those moneys, the formula for the distribution of those moneys and ways in which Congress can join with the administration in hammering out a better solution for the Better Schools Act would be welcome, and I have so testified before the House committee, and I so testify before you, and I agree with you that the time is running out.

Senator **Stevens.** Have you any indication the House is going to act on the revenue sharing bill in the near future?

Dr. **Marland.** I have not.

Mr. **Miller.** Of course, I think what the Secretary said, Mr. Chairman, is there are 7 weeks left, and if at this point in time I say to you, yes, we will do something else, then that reduces almost to nothing the chance that any actions will take place in those 7 weeks. So I guess he's just not going to look for an alternative until we are closer to the deadline.

Senator **Stevens.** Yes, but it will be the same thing that happened the last time. We will be sitting here without passing the revenue sharing proposal. Consequently, we will have to frame an appropriation bill according to existing law or be subject to a point of order. We would submit it and probably give you, as the chairman said this morning, the authority to transfer the funds if revenue sharing passes. But when we do that, every one of those items is open to further debate on the floor because there is not a firm budget estimate for those individual program items. If there is anything that is going to destroy the budget this year, it will be the fact that there is not a firm item for any one of those programs in the 30 categorical areas you mentioned. They are all wrapped up in revenue sharing. Each one of them will be subject to a "guesstimate" of what really should be in there this year, without having a firm budget estimate for it. Mr. Miller, the time has to come when the administration will have to bite the bullet and specify amounts it thinks should be earmarked for education to deprived children, title I, supplemental service impacted aid, education to the handicapped, vocational education, and adult basic education. Those figures must be submitted with a firm budget estimate. If this is not done, they are going to be guesstimates on our part, and I think that is going to lead to a situation that will, unless somehing is done, lead us to a position where we will have a continuing resolution on a continuing resolution.

Dr. **Marland**. Which I have to say, Mr. Chairman, we who administer the programs do not enjoy.

PROBLEMS WITH ANOTHER CONTINUING RESOLUTION

Senator **Stevens**. Well, I have a couple of programs that are caught in that position right now. None of us enjoy it.

The only thing we could do is to continue them at their current level, which I understand it is just about the assumption of revenue sharing, just $6 million off the fiscal 1973 figure. Inflation alone would be more than that. It looks like the most difficult problem we have, but I am sure it is nothing new, Dr. Marland.

What assurance can you give the committee that funds will be available to meet the needs of the disadvantaged group, particularly migrant children?

This is a question from the chairman, of course. It is difficult to get State and local governments to think in these terms. Is there not a good chance that migrant education will be overlooked?

Dr. **Marland**. That is a possibility, Mr. Chairman. The funds for migrant children are embraced in the portion for the disadvantaged, and those are indeed collapsed into one large sum. It is a very substantial sum administered by the States under a formula for delivery, and it no longer puts a categorical tag on migrant children.

However, the States are responsible. They know of the needs of these children. The needs have been met over the years, and the assumption of our proposal is that migrant children will continue to be served since we are insisting upon the same level of dollars at least in this discretionary authority. There is 100 percent funding at least in the first year, consistent with 1973 levels.

BUDGET IMPACT ON INDIAN CHILDREN

Senator **Stevens**. What about the Indian children?

What impact will this have on Indian children, for instance?

Dr. **Marland**. Of our existing programs, counting all programs—and that includes community college, handicapped, and others—we have been able to identify about $80 million in our 1973 level now going to Indian children. There is a request for a rescission of an additional $18 million before you, and depending upon the outcome of that request, it is possible that nearly $100 million will be available for Indian education.

Here again, under the Indian Education Act, if it is funded, this money would be controlled from the Office of Education to insure their transmission in accordance with the law to schools enrolling Indian children.

Senator STEVENS. We did not fund that, even last year, up to the authorization, if my memory is correct.

Dr. MARLAND. That is correct.

Senator STEVENS. Did you spend any of the money we appropriated?

Dr. MARLAND. Indian education has not yet been funded—pending the outcome of the rescission request. There was an $18 million initial budget figure for 1973, and that has been submitted for consideration as to a rescission along with some other items.

When the President felt that he was compelled to live with a $250 billion ceiling, this was among many programs that had to be reduced.

Senator STEVENS. I understand that the House, according to the note, denied the rescission and that our action contemplated in the second supplemental is the same.

Dr. MARLAND. In that case, if it evolves that Congress does deny the rescission, I can assure you that the moneys will go to such programs as we can find to be valid, warranted and fundable under the law immediately.

Senator STEVENS. I believe that was money for Indian students in public schools to assist the public schools in bilingual programs and teachers' aides and things like that?

Dr. MARLAND. By and large, it is for that. There are some other parts to that law that provide, for example, the activation of more vigorous family involvement in schools, the creation of programs for adult Indian education, and other features, but the principal sum does go to reinforcing local public school systems that serve Indian children.

Senator STEVENS. Someone gave me an estimate of $5 million for involvement in Wounded Knee, Dr. Marland. If that is the case, it does not take many Wounded Knees to eat up the money that could be used in other places if we just keep some of the commitments we make to these Indian people.

Dr. MARLAND. I warmly agree, Senator, and you may be sure that as a school administrator, I am much concerned about our longstanding deficit toward Indian children, and for that matter, all Indian people vis-a-vis education. We are able to report to you that the President has named the Indian Advisory Council, which is precedent to the inauguration of the Indian Education program as newly established in the law. Appointment of the Council now opens the way for the naming of a deputy commissioner for Indian education and such persons directly reporting to him.

These are forward steps, and I would say long overdue, in our history if they lead to more equitable educational opportunities for Indian boys and girls.

EXAMPLE OF PROBLEMS RELATED TO IMPACT AID

Senator STEVENS. Are you familiar with the Massachusetts and South Dakota schools that had to close because of lack of funds under the "B" impact item?

Dr. Marland. I am familiar with both situations. I am not familiar with the program.

Are you speaking of a news program?

Senator Stevens. A television program.

Dr. Marland. No; but I am intimately familiar with the problems that those school systems faced.

Mr. Miller. Were these not largely the "A" children problems and——

Senator Stevens. I understand they were primarily "B" children.

Mr. Miller. I was sure the South Dakota was primarily "A" students.

Senator Stevens. I understood you released some money to take care of those circumstances.

Dr. Marland. Those two schools that you cite I believe are substantially resolved in the latest information I have. They are back in business and appear to be solvent for the year.

Senator Stevens. Are we not going to go through exactly the same thing next year under the proposal you make?

Dr. Marland. With the elimination of category "B", it will be necessary for local school districts to find other resources for category "B". It is our intention to fund category "A" at the full level.

Senator Stevens. I think everyone looks at these things in light of their own experience. For example, many students in Alaska's main school district, the largest school district for Alaska's Native and Indian children, are children of military people whom I described to you before. I do not know how that district would make up that amount of money without raising taxes to a large degree. The existing taxpayers are already over taxed.

Dr. Marland. I am not sure how the Indian children in Alaska are accounted for, but you should know that if they are on reservations, the full amount of impact aid would apply.

Senator Stevens. I understand, but that is the situation all over the country. We have testimony in the other Subcommittee that there are more than half of the Indian students in California in public schools, over half of them in our State are in public schools, and they are not living on reservations.

TITLE I BENEFITS TO INDIAN CHILDREN

Dr. Marland. But you see, Congress has already, to a very substantial degree, recognized those Indian children in public schools through title I. Where Indians meet their qualifying measure of poverty, and unfortunately most of them do, title I clearly applies to Indian children in public schools. That is why I say that we are already—we have about 250,000 Indian children of school age, and about two-thirds of them are attending public schools off reservations, and it is here where I say that some $80 million has already been identified as serving those children.

Senator Stevens. Mr. Dirks points out that title I money all goes into the revenue sharing area.

Dr. Marland. It would, and under the Better Schools Act, it goes directly to that community. I am going to ask, Mr. Chairman, that you think of the words special revenue sharing as no longer curent on this subject. It is a generic term, if you will, but our act is called the Better Schools Act, no longer called the Special Education Revenue Sharing Act, and therefore it is different, considerably different from general revenue sharing.

The Better Schools Act would assure that as a minimum title I levels of funding prevailing in 1973 are passed right through to the local school district in 1974, dollar for dollar. Now, we do ask that under the Better Schools Act there be a better concentration of those moneys on the most needy children, and this certainly would include Indian girls and boys in most communities, I believe.

So there is not the degree of discretion or the degree of probability of major reductions in the program that would be true of general revenue sharing, since the community receives that money, bypassing the State, insofar as the disadvantaged component is concerned.

Senator **Stevens**. But they are not going to receive any more than they received 2 years ago.

Dr. **Marland**. No, sir. The sum is level, substantially level, is it not, John?

Dr. **Ottina**. In the act, it is.

Senator **Stevens**. Do you not think there ought to be a national effort for the minority children, the children of the disadvantaged, as far as the educational goal is concerned?

DISADVANTAGED CHILDREN AS A PRIORITY

Dr. **Marland**. Well, I do, Senator Stevens, and I would say again that the national thrust established by the Congress in the Elementary and Secondary Education Act of 1965, did establish what I believe is a very right and a very powerful course called title I. Virtually all of the intention of title I philosophically and economically, I think, is sustained in the Better Schools Act.

You see, one of the things that we in education have strongly urged within the executive department, is that the large priorities built up over the years in these 32 categorical programs be generalized but not eliminated; that where we have several programs for the disadvantaged, such as aid to migrant children and so on, those authorities be sustained; that the Commissioner of Education be charged with monitoring them; that we provide technical assistance to see that they do get to the right people; and that the powerful Federal thrusts developed over these past 6 or 8 years absolutely be maintained and indeed be sharpened in terms of their delivery and in terms of their focus on the children with the greatest needs. This is not an abandonment of the history of this legislation.

Senator **Stevens**. No, but what it really means is the State Legislatures are given the responsibility to carry out the Federal programs for fiscal year 1974, but they are given moneys even if it is funded 100 percent, it is funded at 1972 levels. They have got expenses at 1974 levels and they are funded at 1972.

Dr. **Marland**. That is correct, sir.

Senator **Stevens**. Well, if you were a State legislator, would you accept that offer? I certainly would not.

Dr. **Marland.** I hope, Mr. Chairman, that I can continue to come before you and in the passage of time, when we get over some of our dreadful priority conditions in Federal support that I can come and ask for more Federal money for education. It has been my practice throughout my professional career to seek money for education including the kinds that you described.

At this time the many priorities that we are having to meet in education and in other human resources are such that we are curtailed.

PUBLIC LIBRARIES

Senator **Stevens.** How about the public libraries?

You mentioned that in your opening statement. Now, the public library program has been ongoing since 1956, and it is our understanding that the revenue sharing money will be used for that purpose, but there is no money earmarked, as I understand it, in your revenue sharing proposal for library.

How can the States continue the library function if they are supposed to also continue these others; these six basic programs would eat up all of the revenue sharing money if they are obligated to maintain these Federal programs at the 1972 level.

Where is the money for libraries going to come from?

Dr. **Marland.** Well, the resources that I mentioned earlier dealt with the general revenue sharing authority which serves both State and municipal government. Now, the municipal authorities which receive two-thirds of the gross general revenue sharing resources, as clearly and specifically identified in the law, may support libraries from those general revenues.

Senator **Stevens.** Well, they may. But I am sure you know that the House established a per capita formula in this area. By the time you get out to the local governments the situation is severe. Some received only $39. I do not know what you can possibly do with general revenue sharing moneys on a per capita basis to maintain things like libraries. Whether you have a school that has 300 pupils or 3,000 pupils, you need about the same size library. The per capita concept in general revenue sharing denies this ability.

The national program enabled them to have the same standard of libraries for a one-room, one-teacher school with eight grades, as you would theoretically have in the big cities. If cities are supposed to pay for their libraries out of general revenue sharing, it would be almost impossible.

At times, those of us who want to support the administration's goals, find that after following these inconsistencies to their logical conclusion, find that money is just not there. I do not see how the administration can believe that the library program can be supported by general revenue sharing and education revenue sharing while phasing out 30 other programs at the same time.

Dr. **Marland.** Well, I find myself somewhat uneasy in talking about the reductions in library services, Mr. Chairman, and I have long held the tremendous importance which you attach to libraries as indeed true, so that in communicating this to you I do fall back, however, on general revenue sharing, which is $5 billion a year of money that has not heretofore been available to States and locals.

Senator Stevens. It was available last year and it has all been appropriated on the State and local levels, but now we are coming along and saying, "Oh, by the way, the money we gave you last year, can be used for libraries, too."

Now, we had library money in last year's budget, and we had revenue sharing in last year's budget, and now you come along and cut out the library money and say we gave that to you last year.

Dr. Marland. And yet we find some States or localities using the revenue sharing money to reduce taxes. Now, it would seem as though in making their responsible judgments, knowing that their libraries may need help, that if indeed they do reduce taxes, that the local decisionmakers must be saying that their libraries do not need that money if they have the cash at hand to support those libraries and decide not to use it.

Senator Stevens. It just means that the schoolchildren that need the libraries do not vote, Doctor.

Excuse me. I must go to the floor to vote.

[A brief recess was taken.]

STUDENT ASSISTANCE

Senator Stevens. Now to student assistance.

The specialized training programs are being eliminated here also. Is that correct?

Dr. Marland. We have submitted a budget, Mr. Chairman, that does indeed concentrate many of the traditional student assistance programs into a major effort to simplify the distribution system greatly, to increase the number of dollars, and greatly to increase the number of students affected.

Now, I think you are referring to the elimination of such things as supplemental opportunity grants, which we do ask not to fund.

Senator Stevens. What about specialized training programs in health professions and foreign language training?

Dr. Marland. Oh, now I am with you if you are speaking of those special programs. Here you are dealing largely with graduate studies, and the evidence suggests that we already have a substantially larger number of people coming through our graduate schools than we have places for in our economy. Therefore the Federal programs have presumably either fulfilled or over-fulfilled our needs in these fields, and the present intention is to eliminate programs that appear to have done their job. And in these cases, we believe they have.

Senator Stevens. Well, again, it is redundant. Mr. Miller heard it this morning, but I just seriously question what has been done. It seems that the lower part of the health profession has lost its educational assistance. Economically speaking, but not in terms of their function, the nursing grants were eliminated, traineeships were eliminated, and scholarships were reduced. We get into the specialized areas of allied health institutional support, traineeship and grants, eliminated, and all public health categories eliminated.

Were those not related to the student assistance program?

Dr. Marland. You are dealing with a fair number of programs, in the health manpower field, Mr. Chairman, that are outside the Division of Education, so I am not in a position to defend them.

Senator **Stevens**. But Dr. Marland, the theory is that education grants will supply funds for all of these areas, because they will go to the general educational assistance area for their assistance. Yet the increase in that area is not, as I understand it, equivalent to the amount of money that has been cut out in these other areas—we say we are increasing student assistance, but really we are increasing the student assistance while we are doing away with all of these specialized areas. Undergraduate nursing will be coming over into your education area now.

We are cutting down on scholarships, with traineeships, going out entirely. Institutional support for allied health, the traineeships and their educational grants are all going out. That amounts to about $40 million in just those four areas I mentioned. As I understand it, they are supposed to come over in the education area now and participate in the general educational grant system, and basic opportunity grants.

SIMPLIFICATION OF STUDENT ASSISTANCE PROGRAMS

Dr. **Marland**. That is true, and there are two major thrusts to the administration's position now on the subject of postsecondary education, setting aside for the moment the black colleges which are significantly increased in this budget. The thrusts have to do with simplifying a universal system of entitlement for undergraduate students under the basic opportunity grants, and second, to simplify the system of managing student loans. The student loans are applicable to both undergraduate and graduate students, and the categories of students that you have mentioned would be eligible for graduate school loans, subsidized loans, guaranteed loans, from the Federal Government.

But we are trying to concentrate on the most needy by providing an absolute entitlement to poor young people at the undergraduate level. And as I mentioned earlier, the numbers of dollars going into this program are substantially increased, and we predict the numbers of young people affected will be substantially increased.

Senator **Stevens**. It is difficult for us to understand.

Dr. **Marland**. Just to give you our estimated figure on the increased number of awards given, we would expect to move from this year's level—academic year of 1972–73 of 2.7 million awards given by this, to 1974–75, at the level of over 4 million awards given in loans and grants. This is a very significant increase in the numbers of people affected, and it is the intent of the administration to target this money on the most needy, and to increase the access to Federal support for all people.

Senator **Stevens**. We have no way to use Federal funds for motivation to move into specific areas like nursing. The young lady that wants a basic opportunity grant is going to get it. She is going to take what she wants. There will be no motivatiton as there was in the previous nursing loans or scholarships, providing direct assistance for those people going into nursing.

Dr. **Marland**. That is correct, but it would be true of any field that the motivation will be there for whatever the young person may choose, and the resources will be there.

SOURCES OF LOAN MONEY FOR HIGHER EDUCATION

Mr. Miller. Mr. Chairman, you recognize that there is substantial loan money in the health profession categories, in medicine and in nursing. There is separate loan money in the budget. There is no grant and traineeship money but there is loan money, and we think that the marketplace is going to produce those people because they are going to have substantial earning capacity when they graduate, and presumably they can handle a loan.

Senator **Stevens.** Well, the people I know in nursing cannot handle many loans, Mr. Miller.

Mr. Miller. Well, of course, grants are available for nurses at the undergraduate level under the basic opportunity grant program.

Senator **Stevens.** Have you done anything through the Office of Education to stimulate the private commercial sector to make these loans that we see to be relying on, particularly the guaranteed interest loans? Could you supply some information for the record on this?

I understand that the banks are not making loans in the volumes that we anticipated earlier.

Dr. **Marland.** The evidence would suggest the contrary, Mr. Chairman. I have heard of some banks that have had some disappointing results from student loans, and yet the evidence is clear that throughout the Nation there are ample sources for students to get their loans, and I would be pleased to submit a message for the record that can be more concrete than this if you wish.

Senator **Stevens.** There are 176 villages in Alaska. I do not think there is a bank in more than five of them. Now, those people who are children of persons not eligible for other specialized programs, like the Native children might be, must find a bank in order to borrow that money. Most of them do not even use banks, and yet their children have to go to a bank to get a loan if they are to participate under this program.

Dr. **Marland.** Well, there is no reason why they cannot go to other lending institutions including the university. Universities will be encouraged, as well, to target young people to the right source. To show the evidence of no apparent reluctance for the banking community to support these programs—and I will submit this for the record, if you wish—in 1966 the total volume of student loans was $77,492,000. It has moved up with tremendous acceleration in those intervening years so that in 1973 the volume is $1.356 billion with projections to 1975 at the level of $1.7 billion, and these loans are from the conventional lending community.

LOAN VOLUME OF STUDENT PROGRAM

Senator **Stevens.** Do you have any way to break those down by States?

I would like to see if my theory is correct, and that these are big city banks.

Dr. **Marland.** Yes. We would pleased to submit that by States.

[The information follows:]

GUARANTEED STUDENT LOAN PROGRAM
LOAN VOLUME

[illegible]	Cumulative since Inception*		Fiscal Year 67	
	Number	Amount	Number	Amount
	4,891,696	4,556,252,276	330,063	248,494,027
Alabama	59,854	52,602,273	1,377	829,069
Alaska	1,034	1,051,258	73	108,510
Arizona	40,274	31,135,862	1,641	701,500
Arkansas	22,865	15,401,808	1,835	863,279
California	434,339	410,905,788	5,899	3,846,129
Colorado	78,432	88,586,286	2,591	1,896,627
Connecticut	126,350	149,052,293	10,611	11,429,000
Delaware	9,628	5,182,997	437	239,361
District of Cola	9,862	10,619,800	50	44,292
Florida	74,868	78,775,008	2,300	1,548,131
Georgia	54,801	51,635,807	3,946	3,430,347
Hawaii	11,297	12,266,967	322	649,507
Idaho	20,269	20,785,107	1,004	619,798
Illinois	407,861	408,296,212	13,182	12,891,996
Indiana	112,582	115,291,242	3,932	3,222,550
Iowa	93,321	88,864,578	3,538	2,480,644
Kansas	44,037	40,363,091	2,719	1,560,548
Kentucky	37,680	34,052,098	2,873	1,773,067
Louisiana	42,692	34,856,524	4,564	2,887,550
Maine	28,913	26,513,828	3,872	2,895,186
Maryland	49,510	59,809,350	2,775	2,291,232
Massachusetts	118,373	114,386,378	14,001	10,907,772
Michigan	78,111	70,956,016	5,383	3,951,329
Minnesota	126,313	121,670,040	3,436	2,207,931
Mississippi	38,675	33,497,394	2,225	1,324,706
Missouri	40,037	33,238,364	2,923	1,792,710
Montana	26,901	24,710,940	644	405,774
Nebraska	35,859	35,688,032	1,082	672,607
Nevada	4,361	3,433,591	315	171,579
New Hampshire	14,597	12,867,579	1,294	1,117,552
New Jersey	214,521	224,536,068	16,093	15,797,400
New Mexico	28,309	24,445,222	1,881	1,128,272
New York	774,169	770,760,203	77,961	66,448,013
North Carolina	23,268	16,249,595	1,953	1,068,036
North Dakota	58,590	52,144,012	1,045	634,175
Ohio	97,389	107,240,352	7,536	6,844,471
Oklahoma	26,933	21,481,126	1,856	1,227,697
Oregon	51,782	39,433,390	2,090	1,155,846
Pennsylvania	370,065	382,596,720	25,930	22,520,845
Rhode Island	28,226	26,542,372	1,842	1,570,605
South Carolina	11,800	7,760,013	1,027	543,508
South Dakota	33,418	28,342,077	1,705	831,368
Tennessee	36,492	33,409,161	2,870	2,092,925
Texas	366,746	230,259,915	20,976	9,168,344
Utah	35,967	33,682,873	1,375	754,349
Vermont	14,557	14,093,343	759	611,783
Virginia	60,029	53,578,263	5,735	4,357,691
Washington	56,406	51,654,225	1,667	1,199,769
West Virginia	31,239	29,820,100	1,245	744,176
Wisconsin	162,267	92,412,860	5,764	2,909,653
[illegible]	5,324	5,365,878	449	323,554
USAF	129,147	99,796,922	43,835	26,656,554
Am. Samoa	45	49,873	-	-
Guam	11	12,250	-	-
Puerto Rico	31,114	23,864,525	3,130	1,144,714
Virgin Is.	186	224,428	-	-

*Does not include fiscal year 1966--a total of $77 million.

LOAN VOLUME (Continued)

	Fiscal Year 68		Fiscal Year 69	
	Number	Amount	Number	Amount
TOTALS	515,408	435,848,721	787,[illegible]6	686,675,781
Alabama	5,414	3,277,555	10,314	8,366,414
Alaska	205	170,035	197	166,463
Arizona	4,739	2,297,224	5,550	6,582,198
Arkansas	2,436	1,514,283	3,924	2,446,817
California	30,381	25,528,551	76,054	69,014,242
Colorado	7,881	7,128,958	11,132	10,756,511
Connecticut	16,597	18,014,822	21,537	24,825,904
Delaware	1,031	584,704	1,852	996,330
District of Col.	392	354,451	1,240	1,225,007
Florida	7,006	5,498,855	13,743	13,066,055
Georgia	6,257	5,504,463	9,482	8,810,287
Hawaii	2,065	1,909,279	2,011	2,009,215
Idaho	1,291	916,377	3,135	2,691,628
Illinois	28,585	31,437,706	33,700	40,297,972
Indiana	7,491	6,490,316	13,242	11,923,689
Iowa	11,267	8,605,241	17,231	14,488,330
Kansas	4,130	3,092,452	7,358	6,153,215
Kentucky	5,113	3,588,327	4,927	4,152,900
Louisiana	5,355	3,654,437	5,220	4,435,716
Maine	2,345	2,043,752	1,946	1,775,386
Maryland	3,397	3,018,825	2,902	2,485,212
Massachusetts	18,204	16,597,077	13,933	18,721,143
Michigan	8,952	7,357,288	11,213	9,503,806
Minnesota	12,885	10,202,939	23,587	20,349,934
Mississippi	2,513	1,587,454	6,430	4,624,535
Missouri	3,357	2,429,657	5,774	4,854,529
Montana	2,836	2,037,100	5,670	4,749,650
Nebraska	3,174	2,433,544	5,268	4,706,419
Nevada	607	396,485	387	297,251
New Hampshire	2,067	1,750,669	2,674	2,324,575
New Jersey	25,117	24,993,871	39,374	40,743,176
New Mexico	2,387	1,286,907	2,803	1,855,025
New York	111,887	102,995,091	149,762	145,380,951
North Carolina	2,562	1,384,860	3,714	2,199,302
North Dakota	6,180	4,792,923	10,458	8,775,889
Ohio	9,877	10,661,063	15,945	17,779,756
Oklahoma	3,036	2,260,030	4,512	3,700,699
Oregon	4,431	2,946,028	9,271	6,614,503
Pennsylvania	36,345	32,584,615	53,291	53,324,365
Rhode Island	3,533	3,194,683	4,595	4,186,346
South Carolina	2,094	1,223,597	1,842	1,155,117
South Dakota	3,322	1,928,045	5,769	4,692,389
Tennessee	5,507	4,878,423	5,977	5,275,441
Texas	20,135	9,708,444	60,934	26,194,161
Utah	4,483	3,433,272	5,831	5,197,062
Vermont	2,055	1,791,698	2,561	2,321,657
Virginia	8,332	7,011,028	10,482	9,055,048
Washington	4,248	2,860,022	7,953	6,293,326
West Virginia	2,985	2,152,433	5,083	4,477,444
Wisconsin	12,451	6,687,065	21,902	12,774,052
Wyoming	801	646,593	935	830,778
USAF	32,699	25,316,669	17,473	14,046,775
Am. Samoa	-	-	-	-
Guam	-	-	-	-
Puerto Rico	3,460	1,684,310	4,225	2,992,686
Virgin Is.	8	4,225	11	8,500

LOAN VOLUME (Continued)

	Fiscal Year 70		Fiscal Year 71	
	Number	Amount	Number	Amount
TOTALS	921,896	839,666,044	1,080,679	1,043,990,980
Alabama	12,991	11,936,979	14,600	13,609,924
Alaska	128	109,562	177	193,702
Arizona	7,763	6,404,204	8,926	7,545,573
Arkansas	4,509	3,206,249	5,280	3,408,072
California	99,132	94,947,703	100,540	92,307,469
Colorado	13,723	15,747,191	19,202	23,889,557
Connecticut	23,579	27,963,752	25,218	30,949,612
Delaware	1,917	1,003,672	2,352	1,258,796
District of Cols	1,757	1,756,834	2,970	3,279,620
Florida	13,765	14,832,670	16,751	19,121,202
Georgia	10,048	9,517,143	10,591	10,108,417
Hawaii	1,939	2,423,287	2,286	2,621,993
Idaho	5,048	4,619,682	5,165	6,255,843
Illinois	49,315	48,065,493	101,919	104,355,938
Indiana	22,706	22,736,960	27,131	28,990,181
Iowa	19,080	19,122,306	20,609	21,410,929
Kansas	8,467	7,955,863	9,147	8,987,134
Kentucky	7,057	6,369,547	8,188	8,100,499
Louisiana	6,890	5,350,143	7,844	6,674,023
Maine	6,576	5,925,263	7,067	6,777,096
Maryland	10,868	13,705,894	12,594	16,126,537
Massachusetts	20,469	19,765,223	21,650	21,770,063
Michigan	12,423	10,801,418	18,243	16,935,890
Minnesota	26,814	26,246,240	27,680	28,774,362
Mississippi	9,224	8,160,581	9,427	8,799,284
Missouri	6,561	4,912,470	8,696	7,349,765
Montana	6,313	5,968,442	6,136	6,233,981
Nebraska	6,582	6,658,675	8,587	9,124,989
Nevada	679	500,144	1,046	878,306
New Hampshire	2,655	2,344,262	2,789	2,485,970
New Jersey	38,950	40,745,256	44,553	46,483,191
New Mexico	3,045	2,577,431	6,509	5,950,088
New York	142,008	142,544,794	145,595	151,003,203
North Carolina	3,494	2,511,407	5,295	3,785,974
North Dakota	12,971	11,863,700	14,312	13,144,727
Ohio	16,741	17,784,166	20,703	23,357,558
Oklahoma	4,973	4,070,332	5,656	4,464,658
Oregon	10,888	8,183,383	12,246	9,518,415
Pennsylvania	66,600	61,482,371	94,111	105,504,956
Rhode Island	5,331	5,148,460	5,938	5,574,723
South Carolina	1,361	925,433	1,799	1,180,421
South Dakota	6,511	5,857,668	7,802	7,164,661
Tennessee	6,311	5,880,337	7,248	6,978,976
Texas	88,671	48,248,157	93,103	58,761,586
Utah	8,304	7,924,435	8,571	8,652,689
Vermont	2,620	2,499,230	2,852	2,884,655
Virginia	11,272	10,072,971	11,386	10,512,495
Washington	10,257	9,232,702	13,280	12,299,206
West Virginia	8,246	7,627,157	6,203	6,643,246
Wisconsin	35,331	19,664,715	42,038	24,187,245
Wyoming	861	939,884	968	1,093,991
USAF	11,766	9,551,899	10,716	10,241,101
Am. Samoa	–	–	–	–
Guam	–	–	–	–
Puerto Rico	6,369	5,213,224	6,948	6,233,289
Virgin Is.	37	39,030	36	45,199

LOAN VOLUME (Continued)

	Fiscal Year 72	
	Number	Amount
TOTALS	1,256,299	1,301,576,723
Alabama	15,158	14,569,332
Alaska	254	302,986
Arizona	9,155	7,605,163
Arkansas	4,881	3,963,108
California	122,333	125,261,694
Colorado	23,903	29,167,442
Connecticut	28,808	35,869,203
Delaware	2,039	1,100,134
District of Col.	3,453	3,959,596
Florida	21,303	24,708,095
Georgia	14,477	14,265,150
Hawaii	2,174	2,653,686
Idaho	4,626	5,681,779
Illinois	176,160	171,247,107
Indiana	38,080	41,927,546
Iowa	21,596	22,757,128
Kansas	12,216	12,613,879
Kentucky	9,522	10,067,758
Louisiana	11,819	11,854,655
Maine	7,107	7,097,145
Maryland	16,974	22,181,650
Massachusetts	24,116	26,625,100
Michigan	21,897	22,406,285
Minnesota	31,911	33,888,634
Mississippi	8,856	9,000,834
Missouri	11,726	11,899,233
Montana	5,302	5,315,993
Nebraska	11,166	12,091,798
Nevada	1,327	1,189,826
New Hampshire	3,118	2,844,551
New Jersey	50,434	55,773,174
New Mexico	11,684	11,647,499
New York	146,956	162,388,151
North Carolina	6,250	5,300,016
North Dakota	13,624	12,932,598
Ohio	26,587	30,813,338
Oklahoma	6,900	5,757,710
Oregon	12,856	11,015,215
Pennsylvania	88,788	107,179,568
Rhode Island	6,987	6,867,555
South Carolina	3,677	2,731,937
South Dakota	8,309	7,867,946
Tennessee	8,579	8,303,059
Texas	82,927	78,179,223
Utah	7,403	7,721,066
Vermont	3,710	3,984,320
Virginia	12,824	12,569,030
Washington	19,001	19,769,204
West Virginia	7,471	8,175,644
Wisconsin	44,781	26,190,130
Wyoming	1,310	1,531,078
USAF	12,652	13,983,924
Am. Samoa	45	49,872
Guam	11	12,250
Puerto Rico	6,982	6,596,302
Virgin Is.	94	127,424

DIFFICULTIES WITH LOAN PROGRAMS

Senator **Stevens**. I know the Senators from New Mexico have the same impression I do, that the banks just are not there to make the loan, although it is a nice theory. I think we all support the basic opportunity grant concept, but that is just a portion of the cost of going on to higher education, and the theory is that they have got the ability to borrow beyond the capacity of their parents to assist them so that in every financing package there is going to be a loan for the underprivileged people.

Dr. **Marland**. That is generally true.

Senator **Stevens**. Well, you can only help them up to 50 percent under basic opportunity grant.

Dr. **Marland**. Well, there is also work-study which we would target on the most needy as well, we would hope. Work-study would be opportunity for the college to administer a program in which the young person can earn the difference, and we are requesting a budget of some $250 million for that program.

Senator **Stevens**. I think we are making every student into a small businessman. He has got to deal with two or three people in order to get the money that is necessary to pay tuition, to deal with the basic opportunity grant people we have got to deal with the loan and have probably got to deal with some kind of work or work-study program, too, if they are going to go on 100-percent financing, and you know, that is going to be extremely difficult if any one chink does not fall into place.

Dr. **Marland**. Here, of course, is where your student assistance officer at the institution is a very vital link in that process. We are conducting this summer intensive training programs for all institutions. We will hold regional institutes between now and late July to train the student assistance officer in the administration of these programs as whatever our funding proves to be for 1974, and I feel confident in the ability of the student loan officer to assist the unsophisticated student in managing this process.

Senator **Stevens**. I get too specific. You know, I have five teenagers, two going on to college now, and I know how much assistance those people give to my daughters. I do not see how they would be giving much more assistance to anyone else, and it really seems to me that we are complicating a student's life by what we are doing. You have to go to a bank and make application for a loan. You have got to go to the basic opportunity officer and make application for the opportunity grant and wait for that to come in before they know how much they are going to get from the bank.

Dr. **Marland**. I believe it is no more complicated than it is right now, Senator. We hope it is a little less complicated. For example, the basic opportunity grant is no longer an object of a negotiated kind of a settlement between a student and an institution. It is a guaranteed sum of money based upon the calculated family income from that certain family and it is like a voucher. He can take it virtually anywhere and say, I am entitled to that much money, whereas up until now it was even more complex in the context that you describe in which a student had to go and bargain for what he could get in the way of money.

GOALS OF THE NATIONAL INSTITUTE OF EDUCATION

Senator **Stevens**. This is another subject, Doctor. Have you earmarked $162 million for the National Institute of Education, next year?

Dr. **Marland**. That is correct.

Senator **Stevens**. But we do not seem to have any real specific ideas about what you are going to do with the $162 million, particularly in comparison with the other portions of the budget.

Are there specific goals and projects that you could flush out of that $162 million?

Dr. **Marland**. I would be glad to give you some preliminary response to that, Mr. Chairman, knowing that Dr. Glennan will be meeting with you in the course of the next few days, as soon as he is called back, and I am sure will give you more details if you wish.

Broadly speaking, the National Institute of Education operates under the policy direction of the National Council on Educational Research. That Council has now been meeting informally, awaiting confirmation by the Senate of their nomination, and at this stage Dr. Glennan will be putting before them the research plan for his Institute that will indeed total the $162 million.

We can submit for the record, if you wish, the breakdown of that $162 million, but I will give you some highlights from it. The Institute has inherited some programs which had been housed in the Office of Education such as the experimental schools program, such as some of the ongoing programs in the labs and centers established under the Cooperative Research Act. A fair amount of the Institute's money is dedicated to the continuation of things now in place until such time as the policymaking board revises those commitments.

But to look quickly down the list, field initiative studies at $20 million; exploratory studies, $11.9 million; college programs, $11.5 million, and so on. Dr. Glennan will be able to analyze these items in some detail with you.

I think it is important to state that until confirmation, however, the law is quite clear and Dr. Glennan is being extremely respectful of that law in not yet declaring the total program of the Institute until the Council is formerly put in place and can act formally on his recommendations. And it may well be that even when he comes before you he will have to couch his research plan in provisional conditions since the Council is still not yet ratified.

There is a breakdown of four general areas, including overhead, basic studies, research and development and utilization systems, and programmatic R. & D. Programmatic R. & D. would deal with the large priorities such as early childhood education, such as the problems of minorities and the problems of integration and so on, targeting on those kinds of large social issues.

PERSONNEL LEVELS AT NIE

Senator **Stevens**. What happens to personnel under this budget as far as your Office of Education is concerned?

Dr. **Marland**. Under the NIE budget?

Senator **Stevens**. Yes.

Dr. **Marland.** At the time the NIE was established, which goes back to last July and August, a number of personnel who were in the Office of Education were transferred to the nucleus of NIE, some 80 people out of an ultimate staff of about 460 being requested for 1974 and authorized in the original statute. So there was a carryover of individuals who were involved in programs in the Office of Education, who are now a part of NIE and are being woven into that organization by Dr. Glennan at this time together with the programs that went with them.

Senator **Stevens.** What level of personnel will this budget support for NIE?

Dr. **Marland.** It is 462 for the 1974 budget. The present level is about 350 by the end of this fiscal year.

Senator **Stevens.** And how many are on board right now?

Dr. **Marland.** Tom, what is the current figure?

Dr. **Glennan.** Something on the order of 250.

Dr. **Marland.** And still hiring.

Senator **Stevens.** Well, I appreciate your answers to my questions, Doctor.

I saw the chairman on the floor and he asked me to extend his greetings to you.

SUBCOMMITTEE RECESS

We are going to stand in recess subject to the call of the Chair. We hope to resume on Wednesday afternoon with the Office of Education. The delay is caused by the committee's scheduled markup of the second supplemental tomorrow.

Thank you very much, gentlemen.

Dr. **Marland.** We thank you, sir.

[Whereupon, at 4:24 p.m., Monday, May 14, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

WEDNESDAY, MAY 16, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 2:30 p.m. in room S-128, the Capitol, Hon. Ernest F. Hollings, presiding.

Present: Senator Hollings.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

STATEMENT OF DR. JOHN R. OTTINA, COMMISSIONER-DESIGNATE OF EDUCATION

ACCOMPANIED BY:

- **DUANE MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS**
- **DR. WILLIAM L. SMITH, ACTING DEPUTY COMMISSIONER FOR DEVELOPMENT**
- **PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION**
- **DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION**
- **PATRICIA CAHN, ACTING DEPUTY COMMISSIONER FOR EXTERNAL RELATIONS**
- **DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT**
- **JOE G. KEEN, BUDGET OFFICER**
- **BRIAN M. STACEY, BUDGET ANALYST**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

BUDGET REQUEST

Senator HOLLINGS. The subcommittee will come to order.

This afternoon we have before us Dr. John Ottina, who is the Acting Commissioner of Education. He is going to give us an overview of the Office of Education budget request and, hopefully, pro-

97-228 O - 73 - 15

vide us with some insight into how's and why's. Of course, a big share of what he is going to talk about relates to a revenue sharing proposal that would involve about $2.5 billion worth of elementary and secondary education programs.

INTRODUCTION OF ASSOCIATES

Dr. Ottina, would you please introduce your associates, for the record, and then we will be glad to hear from you.

Dr. OTTINA. I would be most pleased to, Senator. On my right, we have with us a lot of actings today.

Senator HOLLINGS. Everybody is acting.

Dr. OTTINA. On my immediate right is John Evans, who is our acting Deputy Commissioner for Planning, Evaluation, and Management. Next is Mr. Peter Muirhead, who is our Acting Deputy Commissioner for Higher Education. Next is Mr. Duane Mattheis, Deputy Commissioner for School Systems. Next, Bill Smith, who is Acting Deputy Commissioner for Development. Swinging around at the table, the gentleman at the end is a new Deputy for us, one that was established in the Educational Amendments of 1972; this is our Deputy Commissioner for Occupational, and Adult Education, Mr. William (Bill) Pierce. And on my left here, I believe you know Mr. Miller, our Deputy Director of our Budget Office of HEW.

With your permission then, if I might proceed with this statement, Mr. Chairman?

Senator HOLLINGS. Very good.

Dr. OTTINA. It is always a pleasure to appear before you to review the Office of Education's plans for the coming fiscal year and to discuss the resources we will need to carry out our responsibilities.

MAJOR GOALS 1974 BUDGET

The three overriding considerations that have guided the formulation of our 1974 budget request have been: (1) through a special education revenue sharing proposal—now called the Better Schools Act—to provide State and local agencies greater discretion in allocating and targeting Federal education dollars; (2) emphasis on opportunities for higher education by providing needed funds directly to students; and (3) the reduction or elimination of programs that have accomplished their intended purpose or are of marginal value.

SPECIAL REVENUE SHARING OR BETTER SCHOOLS ACT

Senator HOLLINGS. At that point, what is the amount of special education revenue-sharing proposals? Where is it? Has one been proposed?

Dr. OTTINA. Indeed it has. Our total request for that item is about $2.7 billion. A bill has been proposed. It has been introduced, as I understand it, to the appropriate subcommittees in both the Senate and the House——

Senator HOLLINGS. On the Senate side, in the Finance Committee, is that where it is?

Dr. OTTINA. No, sir, it is in the Education-Labor Subcommittee, a committee chaired by Senator Pell. He has held hearings, as has the House, approximately 3 weeks ago on the Senate side and approximately a month and a half on the House side.

Senator HOLLINGS. What you envision is that that would go through this authorizing process and be voted upon by the Congress and passed. If that $2.5 billion is passed, then the rest of it would apply with respect to either, as you say, funding higher education or reducing the programs that have been accomplished or their intended purposes. Is that correct?

Dr. OTTINA. That is correct.

DISTRIBUTION OF FUNDS UNDER BETTER SCHOOLS ACT

Senator HOLLINGS. What adjustment do you make? Suppose, instead of $2.5 billion, you only get $2 billion. What would occur? You would amend your request before this committee, or not?

Dr. OTTINA. If I understand the Senator's question, the bill that we are proposing—the Better Schools Act—has an operating formula. That formula could operate on $2 billion as well as $2.5 or $3 billion. So whatever the Appropriations Committee felt was appropriate, or whatever was enacted, the formula itself would distribute that money, regardless of the amount.

INTENDED ACCOMPLISHMENT

Senator HOLLINGS. That is as to distribution; but as to the intended accomplishment, what you hope to do, it is all supported by either revenue sharing or what you are asking for here of the subcommittee. Correct?

Dr. OTTINA. That, in general, is true. There are some specifics as we go through the testimony that are not supported by those two general statements that I have made. There are a number of programs that do not fall in the Better Schools Act or special revenue sharing.

Senator HOLLINGS. What I am trying to get a feel for is, if they cut the authorization, if it comes through the Congress at $2 billion instead of $2.5 billion, where would you pick up the additional $500 million? By coming before this committee and asking the Federal Government to take it, or you would assume that would be sort of local option, and that would be the local initiative, or either the local leadership or lack thereof—any way you want to describe it?

Dr. OTTINA. To answer your question very directly, the possibility that the authorization would be at that level had not really occurred to me. The problem, quite frankly, as I understand it, is not in that direction. Given the circumstances that you talked about, very certainly we would have to reexamine our present programs.

Senator HOLLINGS. It does not sound that way. But the President has set up a $268.7 billion limitation. The Congress itself has set in round figures a $268 billion ceiling, some $700 million less. We have not been caught in the chicken coop yet. The chickens have not yet come home to roast on that commitment, generally, but we have already committed ourselves to this three times in legislation this year.

When we get, as I characterize it, into the short rules, namely, at the end of the year, and begin to cut back on certain programs, I can well see a reaction to the effect that, after all, that crowd never did use revenue sharing in the proper fashion. It has been wasted. There have been no real guidelines. When you are trying to cut back, and come within that ceiling, they could cut back at your educational revenue sharing.

Dr. OTTINA. I am sure, Mr. Chairman, that is quite possible. On the other hand, the amount that we are talking about here and the program itself represents a consolidation of many programs that are in existence today. The amount of money that is being requested is roughly equivalent to the amount of money being spent in those programs today. So it does not represent an increase over the present set of expenditures.

Mr. MILLER. I think, Mr. Chairman, if Congress did cut back, they might tell us where to cut back. Because there are broad categories within revenue sharing, I think that it would be likely that Congress would distribute the $2 billion for us. If they did not, I suspect that we would have to look at each category and suggest to the Appropriations Committee how to spread the $2 billion.

EARMARKINGS UNDER BETTER SCHOOLS ACT

Dr. OTTINA. There are five categories that are provided in the bill that we were talking about. One category is the payment of impacted "A" children; one is the disadvantaged; the others are vocational education; handicapped children; and supportive services. So there is a provision and the formula distributes it into these five general allocations.

Senator HOLLINGS. All right, sir.

If you would be at ease for a moment, I think I can catch the rollcall and save us time.

[A brief recess was taken.]

Dr. OTTINA. If I might just add a postscript. Perhaps I did not clarify myself in the first answer that I gave you to the question. The bill is subject to appropriations. It is not a trust fund. So the process that we were talking about would be one where we would come before this committee and discuss with you an appropriate amount, as we have with the specific items in the past.

Senator HOLLINGS. Very good, sir.

HIGHER EDUCATION

The higher education—we were all very interested in it. You folks gave a lot of leadership to it, but they never did come up with any money until we felt we had to do some prompting. I think it was September before you came up last year. Where are we with the higher education budget, in general terms in this budget. I know you want to emphasize directing it to the students.

Dr. OTTINA. There is a full higher education budget proposed here. I wonder if it would be helpful if I continued my presentation here, Mr. Chairman, because I do cover in a general way most of the areas that you are concerned with here.

Senator HOLLINGS. Go right ahead.

TOTAL EDUCATION BUDGET

Dr. **Ottina.** Our total request for 1974 is $5.1 billion, which represents a net decrease of $258 million from our 1973 request.

Let me touch upon, first, our elementary and secondary education programs.

The 1974 budget continues to place a high priority on the restructuring of the Federal Government's relationship with State and local governments in the area of elementary and secondary education. Our total request for these programs includes the special education revenue sharing proposal; a continuing level of support for the emergency school assistance program, bilingual education, and special handicapped programs; an increase for our career education effort—all of the above are not included in the special revenue sharing and Better Schools Act—and decreases for Follow Through and school assistance in federally affected areas, which also are not included. I would like to outline for you briefly our request for each of these areas.

THE BETTER SCHOOLS ACT OF 1973

The budget request for 1974 includes $2.8 billion, including the school lunch program, for the proposed Better Schools Act of 1973. This proposal would group Federal elementary and secondary education assistance into broad categories with adequate safeguards to insure that minimum national priorities are preserved, such as education for the disadvantaged, handicapped, and vocational education.

The purpose of the proposal is to consolidate and simplify Federal aid programs in elementary and secondary education to give State and local school officials greater flexibility and responsibility for managing and targeting program funds. Thus, there is expected to be a simultaneous strengthening of Federal and State program management as well as a greater chance of achieving the Federal purposes that really count.

EMERGENCY SCHOOL ASSISTANCE

The 1974 budget request of $271 million will provide for the second year of funding for the recently enacted Emergency School Aid Act. This program will continue to provide needed assistance to local educational agencies in desegregating their school systems while maintaining educational quality. Under the present operating plan, most of the funds appropriated in 1973 will be obligated for programs which will be operational in the 1973–74 school year. The funds requested for 1974 will likewise be used to fund projects a year in advance—in this case for the 1974–75 school year.

Senator **Hollings.** That is $271 million?

Dr. **Ottina.** That is correct.

BILINGUAL EDUCATION

The bilingual education program will be continued at $35 million to support approximately 200 projects serving nearly 143,000 students. In addition to the support under this specific program, $9.9 million will also be available for bilingual education projects under the emergency school assistance program. It is one of several set-asides provided by this legislation.

EDUCATION FOR THE HANDICAPPED

The 1974 budget of $93.6 million reflects a continuing commitment to the education of handicapped children. The Federal role in this area is to provide support for model programs, demonstrations, resource centers, and the training of educational personnel.

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

Reflecting one of our highest priorities in 1974 is a request of $14 million, which we will use to demonstrate the effectiveness of career education. In this effort the Office of Education will work closely with the newly created National Institute of Education, which is developing several career education models. The request for continuing support for vocational research and innovation programs, curriculum development, and adult education special projects, totaling $31 million will also augment various aspects of the career education effort.

FOLLOW THROUGH

Authorized by the Economic Opportunity Act, the Follow Through program will be gradually phased out beginning in fiscal year 1974. This experimental program was designed to test various models of early compensatory education. Approximately 20 models were developed and are in the process of being evaluated. Our budget request of $41 million will permit us to evaluate models on the basis of four groups of children who are presently enrolled in the program. Beginning in 1974, classes that complete the Follow Through program will not be replaced by new classes, leading to a phaseout of the program by June of 1977. It should be emphasized, though, that no child now in a Follow Through project will be dropped out because of this policy.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

The budget proposes a reduction of $253 million in payments to local educational agencies for the education of the children of parents who work for the Federal Government but do not live on Federal property—the so-called "B" students. The total cost of educating children is provided generally by a combination of State and local revenues. States guarantee an education and provide payments for all children within their boundaries. It follows, then, that the purpose of an impact payment for a child's education is to compensate for a loss of local revenue.

In the case of "B" children, we feel there is no need for compensation because there is little, if any, loss. In many cases, these same parents and children would be in the community even if they were not employed on Federal property. Also, the theory of payments for "B" students fails to recognize that the incomes of their parents may stimulate increases in economic activity and taxable wealth that, combined with the taxes paid on the residence, will offset the educational cost.

While the amount associated with "A" category children will be included in the special education revenue sharing legislative proposal, support for children of families who both work and live on Federal property will be continued. In the instance where Federal agencies provide for the education of these children, funds will be requested in the regular appropriation for this program. Support of construction of schools under this program will be increased slightly and priority will be given to projects on Indian reservations and the critical construction needs of local educational agencies. We are recommending $19 million for an increase of some $3 million over fiscal year 1973 for the construction portions.

HIGHER EDUCATION, STUDENT ASSISTANCE

Continuing the major reforms in student aid authorized by the Education Amendments of 1972, the 1974 budget for these activities represents a substantial increase over prior years. The 1974 budget request of $959 million for basic educational opportunity grants is an increase of $837 million over the fiscal year 1973 appropriations of $122 million, which was limited to first year, full-time postsecondary students.

This request will support student awards in academic year 1974–75, and is estimated to be sufficient to meet the full amount of awards authorized under the law for the basic educational opportunity grant program. Because the basic educational opportunity grant program provides that no award may exceed one-half of a student's cost of education, the budget includes $250 million in 1974 to continue the college work-study program, and $310 million in 1974 for interest subsidies on federally insured loans. This support for work-study employment and subsidized loans along with State and institutional scholarship and loan programs is intended to meet the student financial aid gap. Our request includes $10.8 million to continue the cooperative education program at last year's level, fiscal 1973.

With increased availability of loans made possible by the expansion of the guaranteed student loan program coupled with the creation of a Student Loan Marketing Association, there will be less need for the traditional national defense student loans. The recently passed supplemental appropriation included capital contributions for this program during academic year 1973–74. Those funds were not requested, and the 1974 budget requests no additional Federal capital contributions for those programs.

It is estimated, however, that there will be $160 million available in 1974–75 in institutional loan funds from repayments of prior year national defense student loans. This should provide loans for about 260,000 students in 1974–75.

Senator HOLLINGS. How many students do we have at the present level?

Dr. OTTINA. 674,000.

Senator HOLLINGS. There's not a cutback. That's 260,000 additional students?

Mr. MUIRHEAD. 260,000 students will be supported with the $160 million. We are proposing that the gap between that number and the number now being supported by loans can be covered under the guaranteed student loan program.

Dr. OTTINA. Mr. Chairman, I know you recognize the amount of money that we are asking for here is an amount that in the basic educational grant program will be made available to all students in postsecondary education who meet the qualifications of the program, and we're estimating that 1.6 million students would be eligible under this program.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Talent Search, special services, and Upward Bound will be continued at the 1973 level of $70.3 million—a significant increase over 1972. As you are aware, that amount has not been appropriated yet, as I understand there is some differences about that amount. The $70.3 million was based on our request. Approximately 278,000 students are expected to benefit from these programs in academic year 1974–75.

INSTITUTIONAL SUPPORT

In the area of institutional assistance, the 1973 and 1974 budgets contain a substantial increase over 1972 for the support of selected developing institutions, predominately black colleges and other institutions serving large numbers of minorities. This increase will be concentrated on those institutions which have the greatest potential for serving the career and other training needs of minority students and for becoming self-sustaining.

The 1974 budget contains $31.4 million for Federal interest subsidies on private facility loans to institutions of higher education. This estimate represents the amount necessary in 1974 to pay for past Federal subsidy commitments. No new loans will be subsidized under the budget for 1974.

New Federal subsidies for construction can be discontinued because in recent years the Federal Government has supported through direct grants, loans, and Federal subsidies a substantial amount of higher education facility construction. It is expected that colleges and universities can now meet their construction requirements without further Federal assistance.

Support for university community services, whose impact has been negligible, and language training and area studies authorized under title VI of the National Defense Education Act, would be eliminated in the 1974 budget.

The budget proposes to continue the phaseout of Federal support for the training and development of college teaching personnel under title IV of the National Defense Education Act of 1958. This program has been very successful in expanding the number of Ph. D.'s to the extent that today there is a general surplus of these college-level personnel.

The 1974 budget, however, does provide for support of returning veterans whose fellowships have been interrupted by military service.

The budget also includes $750,000 for attracting minority students into the law profession under the auspices of the Council on Legal Educational Opportunity and $500,000 for the recently authorized Allen J. Ellender fellowships.

TERMINATION OF FEDERAL ASSISTANCE FOR LIBRARY RESOURCES

The 1974 budget request proposes termination of Federal support for library resources. These library-related programs have been narrow and categorical, and Federal support should now shift from this type of aid to broader educational objectives that allow States and local officials more flexibility in establishing priorities. It will be possible for State and local officials to continue support for the most promising school library programs with Federal assistance from other sources such as special revenue sharing and other Office of Education programs whose activities could include support for libraries.

LIBRARY ASSISTANCE FOR THE BLIND

Senator **Hollings**. What about the blind? That came up before our Legislative Subcommittee hearings. They said that you had cut out $2 million for books for the blind and handicapped and they wanted it funded under the Library of Congress.

Dr. **Ottina**. I am not aware of that.

Mr. Mattheis, are you?

Mr. **Mattheis**. No.

Dr. **Ottina**. It is perhaps some other part of HEW, Mr. Miller.

Mr. **Miller**. Of course there is the American Printing House for the Blind that comes under HEW, which is not a Federal installation. We appropriate funds directly for books and other aids to reading. As far as libraries themselves are concerned——

Senator **Hollings**. We are talking about the books and other aids.

Mr. **Miller**. That comes under the American Printing House for the Blind, though I'm not sure it's the same item you're discussing.

TALKING BOOKS

I have been informed by a member of my staff that several years ago, we shifted funds from the education budget to the Library of Congress for talking books—perhaps that is the item.

Senator **Hollings**. That is not under you at all?

Mr. **Miller**. No.

Dr. **Ottina**. It's not in the Office of Education's request.

Senator **Hollings**. All right, sir.

EDUCATIONAL DEVELOPMENT

Dr. **Ottina**. The 1974 budget includes $120 million for educational development activities, a reduction of $53 million from 1973. The overall reduction for these programs results from the termination of a number of special programs that have accomplished their basic purpose and the condition of general teacher supply.

First, education professions development; the 1974 budget would continue support for selected training activities that have a high impact on the education of disadvantaged children and career opportunities for disadvantaged educational personnel. These activities include the Teacher Corps; urban and rural programs, which address the needs of entire school systems in urban and rural areas to improve the educational opportunities of disadvantaged; the career opportunity programs, which enable disadvantaged persons to enter the elementary and secondary school system; and higher education fellowships to train administrators in 2-year community colleges and student financial aid officers.

National priority programs; a continuing level of support is requested for the national right-to-read program, which has as its objective to substantially reduce illiteracy in the United States by 1980. A reduction from $13 million to $10 million is requested for the educational broadcasting facilities program, as support in this area continues to reduce the number of areas in the United States unserved by educational television and educational radio.

The remarkable success of the Sesame Street and Electric Company programs toward financial independence as a result of increasing revenues from royalties on programs and related books and materials makes it possible to decrease the Federal contribution from $6 million in 1973 to $3 million in 1974.

Both the drug abuse education and dropout prevention programs are being reduced from $12.4 million to $3 million and from $8.5 million to $4 million, respectively. Although the problems addressed by these programs are still very much present, it is believed that the Federal support provided to date for focused sufficient attention on these problems and has provided models for dealing with them so that the Federal effort can now be diminished and increase reliance placed upon State and local agencies for continued work in these areas.

For similiar reasons, the 1974 budget is terminating Federal support for environmental education projects and nutrition and health projects. Again, these efforts were funded primarily to draw national attention to the importance of environmental education and to the relationship of nutrition and health to the educational success of low-income children. In these areas it is now felt that the Federal mission has been accomplished by establishing successful demonstration projects.

Data systems improvement; in 1974, the $7.9 million request for support of educational statistics will provide an increase of $3.7 million to allow for additional special analyses and an increase in the timeliness of statistical data. Included in this increase is $500,000 for further planning for the common core of data for the seventies program. It is hoped that this effort will lead to an integrated system of educational statistics which will meet Federal, State, local and institutional needs for planning and management.

The national achievement study will be supported by $7 million in 1974, a $1 million increase over the 1973 request. In 1974, results of the second science assessment and the first mathematics assessment will be reported.

SALARIES AND EXPENSES

Lastly, salaries and expenses for the Office of Education: for salaries and expenses of the Office of Education, the 1974 budget includes $8.1 million, a reduction of $2.2 million from fiscal year 1973. This reduction reflects the nonrecurrence of a one-time 1973 appropriation of $3 million for planning for the Education Amendments of 1972. This is offset by a slight increase in 1974 personnel costs, which reflect additional man-year requirements. Authorized staffing, however, will gradually be reduced from a total of 3,047 positions in 1973 to 2,619 positions by June 30, 1974.

We feel that the budget we are proposing for the Office of Education sustains the highest priority education programs while accomplishing a much-needed restructuring of the relationship between the Federal Government and State and local agencies.

My colleagues and I will be happy to answer your questions. I am sure that you recognize that each of them will appear before the subcommittee on subsequent days to testify more fully about the areas that they're responsible for.

Thank you, Mr. Chairman.

Senator HOLLINGS. Thank you, Dr. Ottina.

Now, let's go backwards; some of these last things first. You mentioned environmental education projects and the nutrition and health projects, that you drew national attention to it, and that work has been accomplished.

How could the Federal mission be accomplished? What did you do?

NUTRITION AND HEALTH

Dr. OTTINA. In both of these programs, we funded projects which demonstrated the need for attention in these areas. In the area of nutrition and health, we funded a relatively small number of projects over a longer period of time.

These were aimed at trying to show that the children who came from these very deprived areas needed special concern and special treatment in the areas of their own nutrition and health in order to be successful in their education. The nutrition and health program has been funded now for 3 years.

Senator HOLLINGS. Give us a typical example, in South Carolina, for example.

Dr. OTTINA. There were a very small number of programs that were funded in nutrition and health. I don't know of any in South Carolina.

Mr. Smith?

Mr. SMITH. I don't know. I will look into it.

Dr. OTTINA. We will come prepared when we testify on that area with the examples. I don't believe there are any in South Carolina.

Senator HOLLINGS. I don't think so either. I don't know how you can say you accomplished the project, whoopee, now it's all done, and we can reduce that from $12.4 million to $3 million, and another from $8.5 million to $4 million.

NATIONAL NUTRITION SURVEY CONDUCTED IN SOUTH CAROLINA

I haven't seen a nutrition program yet and we've got the highest malnutrition in my State according to the Public Health Service which found over 5,100 needy South Carolinians in 16 counties. The National Nutrition Survey, of course, I doubt if you've seen the results of that, because they sent it down to the Communicable Disease Center, and told them not to communicate it.

Mr. MILLER. But that survey has been transmitted to the Congress, sir. I think it was last June, but I'll check on it.

Senator HOLLINGS. Last June, they sent a scouting report. We have not been able to follow through. Dr. Schaeffer hasn't gotten it yet. It would be nice if HEW would quit obscuring it by hiding the records.

You clean up malnutrition by hiding the records of malnutrition, the way I see it. I don't find a program in my State, yet if you get a national candidate that wants to be President, he gets in a plane and flies down to one of the hungriest counties in America, namely in my area. It sort of goes against you when you know of the need, and are trying to do the work needed to eliminate it, and then have other departments say, that's already been accomplished. So, let's cut it out, when in fact you know it never got started.

Dr. OTTINA. Mr. Chairman, the numbers that you quoted a second ago are related to the drug abuse program at $3 million, and the dropout prevention program at $8.5 million. The nutrition and health program was funded at $2 million in 1971 and 1972, and presently is being planned at $2 million for 1973, and has never reached the levels that I thought you were suggesting there.

Senator HOLLINGS. It never reached the levels that I thought you were suggesting. You said here that the Federal mission has been accomplished, and it hasn't even started in my State. Those are your words, not mine.

Dr. OTTINA. Yes, sir. I was only trying to point out the dollars that were referred to in that statement related to two other programs, dropout prevention, and drug abuse. In this particular program, we have had a very small number, as I pointed out, and they have developed models, which we think are useable in other areas, and plan to do something with that. In relation to environmental education, which I thought was your other question, if I recall it correctly, or was it drug abuse?

Senator HOLLINGS. Let's get on nutrition and health. You went from $2 million down to zero, saying it's been accomplished. Is that right?

Dr. OTTINA. We are proposing in 1974 zero. That is correct.

Senator HOLLINGS. With the statement that the Federal mission has been accomplished?

Dr. OTTINA. The Federal mission as we understand it is to demonstrate and show what can be done. Not to provide the total services here, but to demonstrate that there is a problem and how to attack that problem.

RIGHT-TO-READ PROGRAM

Senator HOLLINGS. Now, let's find out about this "right-to-read" program. The objective is to reduce illiteracy in the United States by 1980, and we're going to start doing that by a reduction of $13 million to $10 million.

Is that what you're going to do?

Dr. OTTINA. No, sir. The $13 million to $10 million refers to the educational broadcasting facilities program. The right-to-read program——

Senator HOLLINGS. It's a total of how much?

Dr. OTTINA. $12 million. That is the same funding level that was proposed in 1973, so that program has maintained its level of funding between the 2 years.

Senator HOLLINGS. Besides the TV what do you do with that $12 million?

Dr. OTTINA. That $12 million for the right-to-read program is used in a combination of projects; through State departments into localities and community groups to help develop teachers who are acquainted with modern methods of teaching reading, to disseminate these methods, and to work with them to improve reading.

It is also aimed at supporting a number of programs which address the adult illiteracy problem, and attempt through other groups, community groups, to fund projects to help teach reading to adults as well.

These right-to-read programs work through the State department with local educational agencies, and with community groups to address the adult problem.

OBJECT OF RIGHT-TO-READ PROGRAM TO REDUCE ILLITERACY

Dr. DAVIS. I might add there on page 8 of the Commissioner's statement, where as you have quoted, he says "A continuing level of support is requested for the national right-to-read program, which has as its objective to substantially reduce illiteracy." That might read, has as its ultimate objective to substantially reduce illiteracy.

There, as well as in the cases of the other programs Dr. Ottina has been speaking of—it was not the intention of those programs to fully and completely address the problem of the State. If, for example, we were to talk about the amount of funds necessary to completely reduce all illiteracy or completely to do away with all the nutrition and health problems in the schools and in your counties, or to completely apprise all people in the United States of environmental educational issues; those goals and those achievements would require programs of many billions of dollars. And the inception of these programs and the way that they have been carried out and conceived is to develop model approaches and demonstration approaches which others could take up, and make use of various funds to further it.

Senator HOLLINGS. Well, that's a matter of opinion. We could eliminate hunger with just about $2 billion additional in this country properly administered. And it would be worth it. We would save it on the other end.

We have also health as well as education, so we have been funding the result rather than the cause.

Now, let's give a for instance or for example, like in South Carolina, what do you have as a typical right-to-read program there?

Dr. EVANS. I'm not aware of particular programs there—we can supply that for the record. There are several, I'm sure, and they are of the kind that I have indicated before where funds are given to State departments of education or to local educational agencies to develop methods and techniques for channeling their regular programs in the direction that would have the effect of reducing illiteracy and improving reading achievement levels.

[The information follows:]

Right-to-Read Projects funded in South Carolina

Oconee County School District
Westminister School
Walhalla, SC

OEG-0-72-5265 1/1/72 - 8/31/72 $40,000
9/1/72 - 8/31/73 $40,000

This project provides funds for professional staff members to do intensive staff development. The major emphasis has been staff development with tutor aides providing needed assistance and release time for teachers to attend inservice, to study other exemplary programs, and plan for individualized instruction.

Piedmont Technical Institute
Greenwood, SC

OEG-0-72-4810 5/15/72 - 8/31/73 $45,000

The program serves students of the Institute having difficulty in reading. Individualized programs are set up around students chosen vocation or trade. Participants can relate improvement in reading directly to career opportunities, as job placement is a key component of the Institute's program.

Spartanburg County Public Library
Spartanburg, SC

OEG-0-72-4927 5/15/72 - 8/31/73 $40,000

The target population of this project is approximately 100 adults, ages 16-45, with severe reading difficulty. The library has set a reading room in the building housing the Adult Basic Education program and a branch of the local junior college. This abandoned public school building is located in close proximity to the housing of the population to be served. Here, reading materials are kept and participants can do free reading. Most of the tutoring also takes place in this building as well as in various other places. The hope is to bring the adult illiterate up to approximately fourth grade level and at that point have him enroll in the Adult Basic Education Program.

Dorchester County Educational Project
Ridgeville, SC

OEG-0-72-4730 5/15/72 - 8/31/73 $45,000

The focus of this program is potential high school dropouts and dropouts whose failure in school appear to be related to reading difficulties. Students are tutored in the evenings by public school teachers volunteering their time. The program serves approximately 45 pupils in any given period. The reading program serves as a component of the Dorchester Educational Project which has several others including day school.

ESTIMATED PROJECTS

Dr. OTTINA. If I could just for a moment cite some numbers for you. In 1974, we are projecting that we will be having projects in 41 of the 50 State departments themselves; that we would have an additional 140 projects that are schoolbased projects with the local educational agencies, 74 community-based projects where we are addressing primarily adult illiteracy problems, and 19 additional, what we call special projects.

So it would be a total of better than 250 projects.

Senator HOLLINGS. How about money for libraries? Does that have anything to do with the right-to-read?

Dr. OTTINA. Our money for libraries really stems from three different items that are carried in the educational budget.

Senator HOLLINGS. Specifically, I'm referring to public libraries, school library resources, college library resources. You might give them the right-to-read, but under that request, they'll have nothing to read in 1974.

BUDGET PRIORITIES

Dr. OTTINA. Our budget in terms of total amount that we had reflects a set of priorities in which we attempted to lay our priorities against the money available, and in that set of priorities we felt that there were a set of activities in which the limited resources that we had, had to be laid.

Again, it isn't that we feel that libraries shouldn't be supported or funded, quite the contrary. A library is a very important and integral part of our society and the educational process. We felt that in our limited resources we had to find areas where cuts had to be taken. In the area of libraries, there has been a long, continuing funding of the library programs over a period of years.

There has been, as I am sure you are aware, about $500 million in two of these programs, and an additional $160 million in the third. So that over the period from 1957, in one case, and 1966, in the other two cases, the Federal Government has put into libraries in the same categories you talked about well over a billion dollars, $1.2 billion roughly. And we felt that in the particular concerns that you expressed earlier, and living within a budget ceiling, that we could not use our resources there, but felt that the localities had to make those kind of trade-offs.

In the case of the title II of ESEA that you talked about, the Better Schools Act or the special revenue-sharing proposal that you referred to earlier can support school libraries. In the case of public libraries, the general revenue sharing could support that. So we were looking at it from the point of view of Federal priorities in a limited, Federal budget, and felt that these were trade-offs that the State and localities should do.

Senator HOLLINGS. So, general revenue sharing already instituted should take care of some of it now, is that what you're saying?

Dr. OTTINA. We're suggesting that there is an alternative that is available for the public libraries, yes.

Senator HOLLINGS. In light of the overall request in the bill that passed the Congress. I think that it was vetoed. It was $274 million. In the present fiscal year, you have an amount in there of $137,730,000, and now you request nothing at all.

Is that correct?

Dr. OTTINA. I do not have the first two figures available, but the last conclusion was correct, sir. We are not requesting any funds at all for these three programs; title II of the ESEA, college libraries and public libraries.

FELLOWSHIPS FOR MINORITY STUDENTS IN LAW

Senator HOLLINGS. Minority students in the law profession, how many minority students would be affected by this $750,000?

Dr. OTTINA. Mr. Muirhead?

Mr. MUIRHEAD. This program has been carried on by the Office of Economic Opportunity. They have been supporting about 200 students.

We expect that the amount of money we are requesting, at least, we could continue to support that. So we do hope that there will be some modifications of the legislation that will permit us to support the same number of students. Without a change in legislation, the $750,000 would support fewer students.

Senator HOLLINGS. How many minority students are funded from South Carolina law schools?

Mr. MUIRHEAD. I can't answer that, but I'll try to find that and insert it for the record, sir.

[The information follows:]

MINORITY LAW SUIT

NUMBER OF SOUTH CAROLINA RESIDENTS AIDED BY CLEO

Thirteen students at University of South Carolina School of Law and 6 residents of South Carolina in schools outside of the State.

Senator HOLLINGS. I didn't expect all you to testify for South Carolina, but I know about those. I know there is a law suit by minority and other attorneys that there is a policy to flunk the minority students in law exams.

The rejoinder is that they just haven't applied and been able to stay. This would be in the area either way you look at it, that you could really fund and help the minority students in the law programs.

I doubt if there would be one, just like that hunger. I don't know where you went with hunger to demonstrate, but you sure didn't come into the hungry area.

EMERGENCY SCHOOL ASSISTANCE

Let's see, the matter of emergency school assistance, Dr. Ottina, I remember just recently that it was brought to our attention. We included some language in the supplemental appropriation report of this committee criticizing the fact that with 3 weeks notice you required submission of requests by December 26 for the new emergency School Assistance Act, and that very few counties were able to comply under that timing.

Then, of course, they were denied funds for the rest of the fiscal year. We were ready to put in the needed funds, but it would have been to no avail because by the time we had a bill there were only about 5 or 6 weeks left in the school year. So various areas were forced to abandon these programs suddenly in the middle of the school year.

Are you familiar with that?

Dr. OTTINA. I am in a general way familiar with that system, Mr. Chairman.

Senator HOLLINGS. Can we do something so next time we won't be confronted with this unreasonably short period and everybody will have a fair chance to apply and comply with your requirements?

Dr. OTTINA. Certainly, I believe we will have in place a fair system where the requirements can be complied with, as you stated.

There is, and I am sure that you recognize, a particular transition period. By 1974, this period will have been completed and the problems presented by starting a new program in the middle of a fiscal year and stopping another one will not have to be confronted.

In 1973, we were in a situation where the ESAP II projects were not as we had interpreted it, automatically eligible for the new ESA program, as authorized by the Emergency School Aid Act that was passed by Congress, and for which the appropriations that you are referring to were enacted. So they were in a position where they had to compete for these funds. Many of them, as I am sure you know, were able to extend for the rest of the year on their present ESAP II funds. Many of them did continue. Some of them did successfully apply for batch one funding. Many of them have applied for funding in the two succeeding batches.

At this stage, all of the applications for funding in batches that we had scheduled have been received, and we are in the final stages now of evaluating and making the awards of the 1973 funds.

We will be in a position to continue a great number of programs. The 1974 ESA request actually represents a slight increase over our 1973 level, because the 1973 appropriation of $271 million had in it the amount of money originally under the continuing resolution that was for the continuation of ESAP II districts through January 31, 1973. In 1974, we will have slightly more money for programs authorized by the Emergency School Aid Act and we'll be very quickly able to lay out our schedule for applications, and will, I'm sure, provide sufficient time for people to respond.

Senator HOLLINGS. What was the most important program, from your point of administration, that the Office of Management and Budget eliminated or reduced substantially, as you see it?

Dr. OTTINA. That's a very difficult question, Mr. Chairman.

SUPPORT FOR DISADVANTAGED CHILD

Senator HOLLINGS. What program—because we are really trying to develop education and we think there are some good programs—would you support for the Office of Education?

Dr. OTTINA. I think one of our greatest concerns has been in the area of the disadvantaged child. For a number of years, we have tried to provide increased funds in that area. That particular area is one which has been of continuing concern.

Senator HOLLINGS. Special classes?

Dr. OTTINA. Special classes, special instructions, special techniques in the area of the disadvantaged; that is the area, if you asked me personally, and I am responding to that personally.

Senator HOLLINGS. How much is in the program now?

FORMULA UNDER BETTER SCHOOLS ACT

Dr. OTTINA. Under the better schools proposal, we would have 60 percent of what would be left after accounting for the impacted aid, and 3 percent for outlying areas, which would represent approximately $1.5 billion.

Your second question, I don't truly know what the impact of your statement would really mean. And from what I can tell, the answer is "No." I don't particularly think the Office of Education, competing with all the other elements of Government, would be in order at this present time.

Senator HOLLINGS. Do you think education is getting enough, as they say in Washington, visibility and attention?

Dr. OTTINA. I think the Congress very recently has enacted——

Senator HOLLINGS. The Congress has. I'm talking about the Executive. That's the group we're having trouble with. I just mentioned the $274 million, you said that can be taken care of by general revenue sharing and you know that won't be done.

Dr. OTTINA. Congress has enacted very recently the amendments that created a very visible spokesman for education, the Assistant Secretary of Education, who oversees both the Office of Education and the newly created NIE. His new role, I think, provides greater visibility.

Senator HOLLINGS. You're in favor of that?

Dr. OTTINA. Yes. I think that was a helpful move.

Senator HOLLINGS. Exactly where does the $1.5 billion come from, as you see it, sir, in 1974? We had in 1972, $1.598 billion; in 1973, $1.585. This is the important area, and I tend to agree with you.

Where do you take up that program in 1974?

Dr. OTTINA. That program would be a program that would come under the consolidated Better Schools Act. And as I referred earlier, there is a formula that operates on that amount of money.

The formula, first of all, takes into account the federally impacted districts, the "A" children, and reduces the total appropriation which in this case was something like the suggested $2.8 billion by about $20 million.

Second, 3 percent is suggested in this proposal to be allocated for the very special concerns and needs of the outlying territories, and other considerations like Indian children. So that would further reduce it in this amount by about $75 million. That would leave a net of $2.5 billion.

The formula then says that 60 percent of that would be for the disadvantaged children, and 60 percent of the $2.5 billion would be about $1.5 billion, that I cited earlier. So it is the operation of the formula that would need to be traced in order to arrive at that amount in the Better Schools proposal.

TITLE I FUNDING UNDER CONTINUING RESOLUTION

Senator HOLLINGS. That formula ends up, as you just described it, at a billion and a half level; whereas under the continuing resolution, by both the House and Senate by conference agreement, was to fund title I for educationally deprived children at $1,810,000.

Dr. OTTINA. Mr. Miller?

Mr. MILLER. The facts that you state are accurate. I think Dr. Ottina is about to relate the continuing resolution level to a spending plan.

Do you have the figures in front of you, John?

Senator HOLLINGS. What I'm getting at is how do you do that? You say, all right, we're going to have this local government take over and here's a formula, but by meeting the formula to its letter, you still end up with $300 million less, in the area that you find most important. I think the Congress would also find this to be a most important area due to the nature of the problem and its scattered location. You couldn't tell—you might have handicapped, educationally deprived children in a relatively wealthy area, or in a relatively economically poor area.

How would you provide?

Mr. MILLER. Of course, the $300 million is less than the level which Congress appropriated. It is equal to the level that the administration has been proposing for several years, and we have at least maintained our momentum.

The only problem, of course, is as Dr. Ottina mentioned, one of priorities with the pressure on the Federal budget. I think from OMB on down to Dr. Ottina, we would all agree that this direction of funds toward the economically and educationally handicapped is of high priority. We all would like to be able to spend more money on it, but it's just a matter of choices.

Dr. OTTINA. In order to explain another little problem with the comparison, let me refer to the 1972 level. There you will see a number that is about $1.597 billion—now, that appropriation in title I includes a set-aside for handicapped children. In our treatment of the better schools that portion of the money is in the set-aside for the handicapped.

As I mentioned, there were several priorities. So in direct comparison, we would have to discount that amount because it would show up in the handicapped portion, and the handicapped now would be larger than what we are accustomed to seeing, because it includes not only the handicapped State grant program, but this set-aside from title I, a set-aside from vocational education, and a set-aside from title III of ESEA. So it would be a larger amount, and so a little bit of comparison is needed in addition to the point that you were asking, Mr. Chairman.

IMPACT AID FOR "B" CATEGORY CHILDREN

Senator HOLLINGS. I just might say that on "B" money, it just doesn't work that way. It sounds logical, but when we get the industries in, when you get the Federal facility in, the people scattered, like the Savannah River project in my State, you need the Federal aid.

We have a 4 percent sales tax, cigarettes, gas, soft drinks tax, beer tax, the highest liquor tax in the country; and yet, we are still struggling. If you didn't have the "B" money in that particular area. With our low per capita income, where we drag down is in the low strata of the illiterates in there in abundant numbers.

So what you say would do well in an examination, but when you go out into the field and see the actual site, your "B" money policy would just wreck those communities. There would be no way to open up the schools.

Dr. **Ottina.** It seems to me, Mr. Senator, that the problem here is the problem in which we're using the "B" money to solve a different kind of problem. It has become money to solve something else. Maybe we should directly attack the problem, rather than using the "B" authorization as a secondary way of solving a primary problem.

Senator **Hollings.** The budget states that about $2.5 billion worth of the programs will be folded into this revenue-sharing package. Of course, I haven't read all the details, but I have heard that the existing programs, some of these would be repealed, and nothing would be available under revenue sharing for them.

In other words, some people think that this might be a shell game with no pea.

What is your comment? Is it drawn that way? From your study, what do you think?

Dr. **Ottina.** It's a combination of several actions, Mr. Chairman. There is legislation that technically expires June 30 of this year, namely the major titles under the Elementary and Secondary Education Act; title I, II, III, V, et cetera.

These titles are being suggested to be replaced by the Better Schools Act. There is also a set of other legislation, primarily in the area of vocational and technical education, that does not technically expire, which is being suggested to be repealed, and the Better Schools Act being substituted for it.

The appropriations that we are suggesting is, in this $2.7 or $2.8 billion mark, an amount, that if compared to 1973, falls short of the amount that was appropriated for the combination of programs that will expire, and the programs that are being suggested to be repealed by principally three or four areas represented primarily by the impacted aid "B"; the title II, title V in the Elementary and Secondary Education Act.

Senator **Hollings.** Let me ask about the priorities that are preserved that you cite in your statement. Does this mean the programs such as migrant education and Indian education would at least continue at current levels? You know, that many times it is difficult to convince the States of the need for these programs.

INDIAN EDUCATION

Dr. **Ottina.** The Indian Education Act that was recently enacted in the 1972 Education Amendments is not part of the better schools proposal, so it would remain outside of the better schools proposal, just as title VII of ESEA is being proposed to be maintained outside of it, and some other portions that we talked about, like Follow Through and so forth.

MIGRANT EDUCATION FUNDING UNDER BETTER SCHOOLS ACT

The migrant education has been a part of title I, ESEA program, which would be part of the Better Schools Act. And in the provisions that are suggested, the State is asked to first look at the migrant problem and to set aside such funds as are necessary to deal with the problem of migrants within their boundaries.

It is a first priority that is given to the State, and in this particular act, the first consideration that they are asked to take account of——

Senator HOLLINGS. In asking them, first to take account of it, how much money is provided?

Dr. OTTINA. They are not provided a specific amount. The general amount——

Senator HOLLINGS. Isn't that what I asked?

Dr. OTTINA. The general amount of $1.5 billion would be to the State, and the State took such sums that would be necessary from that up to a maximum that is provided to deal with the migrant problem. You see, the migrant problem is one, as you know, that varies a great deal from State to State; both in what they're doing and in the number of children they have.

Senator HOLLINGS. But the migrant problem is uniform is one respect; it is completely disregarded in every Congress, every committee of Congress, every office. Every research grant you've ever made has found just that, because they don't vote.

It's really a national problem. Your directing the States to give it first attention sounds good again, but unless you really require that some money be put into it, it won't be done. That crowd is not around to see the Senator, the Congressman, the Governor, and as a result, the programs are uniformly very, very bad, whether it's in Florida, South Carolina, or Texas, or elsewhere.

The migrant worker programs are one of the worst blights we have, and therein, you see, the actual provision does not jive with the rhetoric. The rhetoric sounds good. We want to see you get on this first. You know that's the first thing they're going to disregard unless you put a limit on it; a sum that must be spent.

Mr. MATTHEIS. I guess that possibility is always there.

Senator HOLLINGS. Have you seen it otherwise in your experience?

I see one man's head nodding, and the other fellow's head going the other way. Let the record show that.

Mr. MATTHEIS. The role of Federal Government is to get something started. I'm going to be attending the national meeting of the Migrant Educational Group next week in Arkansas. And I'm relatively confident that the Federal impact has generated enough interest, and concern, and activity within the State resulting in constituencies and so on, that they in fact are going to take advantage of this opportuniy.

It might be more optimism than I should have, but I am confident that we have now the structure built out there through the Federal impact in recent years, and they're going to continue with a substantial portion of it, if not more.

Senator HOLLINGS. All right, sir.

RECONSTRUCTION OF SCHOOLS IN DISASTER AREAS

Let me ask about this severe flood damage, Dr. Ottina, in the Mississippi Valley. I don't think all the returns are in yet on the damage that has been inflicted there, but some of the disaster payments have been made already.

Is there anything in your fiscal 1974 budget for the reconstructing of schools?

Dr. OTTINA. There is a request for construction under the SAFA portion. As I am sure you recognize, this budget was assembled and presented to Congress prior to the time that we had such a disaster.

It is my understanding, however—Charles, do you know?

Mr. MILLER. No. I am not aware of any current plans. I would certainly be glad to take a look at it.

Dr. OTTINA. Unfortunately, disasters are very difficult to plan for.

Senator HOLLINGS. Will you be sending us an amendment?

Mr. MILLER. We will be studying it. I'm not aware of one in the works.

Senator HOLLINGS. If you have any additional comments on that, you can submit them for the record.

[The information follows:]

STATEMENT OF EFFECT OF FLOODING IN THE MISSISSIPPI VALLEY AND ITS TRIBUTARIES

As of May 23, the Office of Education does not have any indication school construction assistance will be requested under Section 16 of Public Law 81–815 (SAFA Construction) as a result of the major disasters declared in the Mississippi Valley and its tributaries. We do have a rough estimate that approximately $1,000,000 may be needed under section 7 of Public Law 81–874 (Maintenance and Operations) for debris removal, repair or replacement of equipment, materials, and supplies, minor repairs to buildings, etc. in affected school districts.

Until more definitive data are available, the Office of Education is unable to assess whether additional funds may be necessary to provide disaster aid.

EDUCATIONAL OPPORTUNITY GRANTS FUNDING

Senator HOLLINGS. I'm trying to get a feel in this record for the choking off of programs. We've got a perfect example in the proposal to cut out educational opportunity grants. The law says that educational opportunity grants have to be funded at a certain minimum level. You propose no money whatsoever. And the same, of course, is true in the national defense student loans.

If we hadn't put the money, $269 million, into an urgent supplemental just a few weeks ago, that program would have been choked out.

How can we maintain, Dr. Ottina, a foundation of student aid programs if you're going to knock out a couple of the beams?

Dr. OTTINA. I am sure, Mr. Chairman, that you recognize that in our testimony in 1973 for the urgent supplemental, that we discussed with you our position. Our position in 1974, I quite frankly feel, is even stronger in terms of what we are proposing for the basic educational opportunity grants.

Mr. Muirhead?

Mr. MUIRHEAD. I'd be very pleased to respond to the chairman's comments. The fact, Mr. Chairman, that you asked the question a few moments ago—a rather difficult question—as to which program we were most disappointed in having OMB reduce its support; we hesitated in answering that question.

But I would not hesitate a moment in answering the question that we were most disappointed when the Congress saw fit to reduce $622 million that we asked for basic opportunity grants, to a level of $122 million, because there is a program—and it's before you in the 1974 budget—that will provide a basic opportunity grant, and entitle, Mr. Chairman, every young person that is eligible in the country, and, of course, every young person in the State of South Carolina. We have before you a program that is probably breaking new ground in support of postsecondary education, and the amount of money that is requested in fiscal 1974 would provide support for almost 1.6 million students, as compared to the amount of support that was formerly provided under the educational opportunity grants to 330,000 students.

So if there is one area where this budget stands out very clearly in supporting the disadvantaged, and supporting that concept very generously, it's in this area of basic opportunity grants.

Dr. OTTINA. If I just might add one sentence to that, Mr. Chairman. The amount that we were proposing in 1974 is an amount that we, at the time, calculated to be the amount necessary to provide every eligible student the maximum amount that was provided for under this program.

In terms of a trade-off of money which I am sure you will understand is one of the great problems we all have, it seemed to us that a guarantee for all students, regardless of where they came from, if they met the test, was a better trade-off than a lesser amount that would provide 50 or 60 percent; and then for a few selected students, an additional amount through some of the other programs that you cited.

So we came down on the position that this was a better way to use that amount of money.

Senator HOLLINGS. As I understand it, from counsel, we provided the same amount as your request in accordance with the law, $859 million.

Mr. MUIRHEAD. You did provide the same amount, $872 million, if I recall, but in making that judgment, you increased the amount of money for loans, and decreased the amount of money for grants, which seemed to us not the most effective way to handle the higher education needs of young people from poor families that need grants more than they do need loans.

Senator HOLLINGS. Your figure of $872 million is correct. If I remember the basic opportunity grant program, it wasn't quite ready to go. We were fearful that you might not be able to spend the money there prior to the summer recess, while the student loan program has been ongoing and needed the funds in order to let the students know where they stood before leaving for the summer.

Somehow we got a message that you were going to do away with the student loan program, and we wanted to make sure that ample provision was made.

Are we wrong about that?

Mr. MUIRHEAD. If you had the impression that we were seeking to do away with loan opportunities for students, I would very definitely want to correct that misapprehension by the fact that the budget that is before you, the fiscal 1974 budget, will ask for support for loans.

Senator HOLLINGS. That's direct loans, or letting them go to the marketplaces, to the banks, for loans?

Mr. MUIRHEAD. They will ask for support for subsidized loans, whether they get them from the college, from the NDEA loans that are being paid, or whether they get them from banks on the guaranteed loan program.

They are subsidized loans that will provide support for about 1.7 million students So we are continuing to put a great deal of emphasis on loans, but we are asking, however, that we not continue to place on the budget an amount of money for loans that would require a capital contribution for loans when we so desparately need money for grants for students.

We are saying that the capital for a loan is to be obtained in the marketplace, and let the Government pay the interest.

Senator HOLLINGS. What is your statement as to the compared need? You say the basic opportunity grants far exceed that of the direct student loans.

How many would be applying for direct student loans, and how many would be applying according to your records and national studies for the basic opportunity grants? What comparison has the Department made?

Mr. MUIRHEAD. The comparisons that we have made, that if the basic opportunity grant program is supported at the level that we have requested—which as the Commissioner just indicated would be at the full funding request—that we would be able to reach 1.6 million students.

Dr. OTTINA. Mr. Chairman, I think we must understand here that the number of students eligible and the amount of money are not related in the basic opportunity program. The amount of money only determines the share that each of the eligible students get.

So in the basic opportunity program, we are always dealing with a constant amount of eligible students. Our estimate is 1.6 million students. And the amount would set whether they would receive 100 percent of what they're entitled to, or some other percentage of it.

I'm sorry to interrupt you.

Mr. MUIRHEAD. That is quite right. I think, however, we should put in the record that when the Congress did take the action that they did take in reducing it to $122 million, we felt it was necessary then to seek some reduction in the number of students that were eligible, and the Congress concurred.

This year, the first year of the operation of the basic opportunity grant, it will be reserved for first-time, full-time students. And our best estimate is it will reach about 500,000 students.

Dr. OTTINA. If we take now, for example, the supplementary opportunity grant program and address the number of students that that served, it has been at about 300,000 for the last 3 years. So it has focused on about one-fifth or one-sixth of the number of eligible students, and it is that kind of analysis and trade-off that I was trying to describe to you earlier on why we felt it would be more important to fully fund that first program, so all could receive 100 percent of their eligibility.

HEAD START

Senator Hollings. Let me just ask another—a more experienced member would know, but for Head Start, I believe there's a slight increase here.

Dr. Ottina. We do not administer Head Start.

Senator Hollings. You don't?

Mr. Miller. There is a slight increase here. Actually, the increase has been a cost-of-living increase. We have, for about the past 3 years, under Headstart, been maintaining the same number of students. But there is a small dollar increase to take care of the increased cost.

Senator Hollings. What about day care centers? You don't have that either?

Dr. Ottina. We do not, you are correct, sir.

Mr. Miller. I would submit for the record the total day care funds in the Department They are scattered throughout a number of programs, primarily paid for out of title IV–A under social and rehabilitation services.

But we'd be glad to provide you with a table that shows all the funds that are directed toward day care.

[The information follows:]

FUNDS FOR DAY CARE

[In millions of dollars]

	Fiscal years—		
	1972	1973	1974
Social services	262	397	630
WIN	29	70	117
Income disregard	88	80	90
Child welfare	2	2	2
Head Start	122	122	122
Total	503	671	961

15 PERCENT OF FUNDS FOR HANDICAPPED

Senator Hollings. Well, we'd want to study those programs along with your request. I don't see how you divide in your minds the disadvantaged children, the handicapped children, or those that are handicapped due to family or lack of family, or an environment, and found their way into the Head Start program. That's the place to put the money.

You've got $373 million, according to your request, $392 million at the same level.

Mr. Miller. We're maintaining 379,000 children; both in fiscal years 1972, 1973 and 1974. And the increase is partly because of the requirement in the law that we direct 15 percent of the funds toward the handicapped.

Senator Hollings. What about day care centers? Has the administration made any recommendation to this Congress this year?

Mr. Miller. I don't believe so, Mr. Chairman. I will check on it for you. We just recently published the first set of regulations in the Federal Register as to the standards that have to be maintained for day care centers under our public assistance and social services programs.

I don't believe there is any legislation currently before the Congress. But I will check that for the record.

Senator HOLLINGS. If that could be looked upon as an educational opportunity rather than a welfare handout, it would not only sell, but it would be more realistically treated.

Mr. MILLER. Actually, I remember a figure that we gave the committee when the Secretary testified last week. I believe that something like 80 percent of the funds go toward the maintenance of children in their homes, rather than in centers in the sense that you are describing where there would be an educational experience.

Senator HOLLINGS. Dr. Ottina, let's you and I both refer, at the same time, to a statement by Mr. Irving P. Schloss, coordinator of governmental relations for the American Foundation for the Blind. This was made to the Legislative Subcommittee, where I chaired the hearings, just 2 weeks ago.

And he states, among other things, on page 3:

> Although financial support to regional distributing libraries under the Library Services and Construction Act has resulted in improvement of direct library service to readers, the fact that the administration has recommended no funding for the entire Library Services and Construction Act for the fiscal year 1974 jeopardizes the progress made.
>
> In fact, the Office of Education and State library agencies have alerted regional distributing libraries that they may have to lay off personnel; and we have begun to hear reports that some regional distributing libraries are preparing to do so.

He goes on down:

> We strongly recommend that the item in H.R. 6691 for books for the blind and physically handicapped be increased by at least $2 million to supplant the funds that will undoubtedly be lost for library services the physically handicapped in any appropriation for the Library Services and Construction Act.

Is he on base or what?

Mr. MILLER. Again, I do believe that you are discussing a program that's operated by the Library of Congress, and we'll have to check it for you. Maybe they did not request any funds, Mr. Chairman.

Senator HOLLINGS. The other statement by Mr. John F. Nagle of the National Federation of the Blind before the same committee:

> This contractual authority has never been exercised by the Library of Congress. Perhaps this authority was not exercised because in 1966, the Library Services and Construction Act was amended by title IV–B; Library Service to the Physically Handicapped, under which provision about $25,000 was allotted to each state, the District of Columbia, and Puerto Rico to be used toward the expenses incurred for the handling of the Federal books for the blind and for physically handicapped program at the local level, the distribution end of the library services program.

That's where we were led to believe that it was under this particular budget.

Mr. MILLER. I don't think so, but again, we'll have to check it for you, and provide it for the record.

[The statements of Irvin P. Schloss and John F. Nagle follows:]

STATEMENT OF IRVIN P. SCHLOSS, COORDINATOR OF GOVERNMENTAL RELATIONS, AMERICAN FOUNDATION FOR THE BLIND, TO THE LEGISLATIVE SUBCOMMITTEE, COMMITTEE ON APPROPRIATIONS, UNITED STATES SENATE, ON H.R. 6691

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to appear before you on the appropriation item in H.R. 6691 for the Books for the Blind and Physically Handicapped program administered by the Library of Congress for the fiscal year ending June 30, 1974.

In addition to representing the American Foundation for the Blind, the national voluntary research and consultant organization in the field of services to blind persons of all ages, I am also speaking for the American Association of Workers for the Blind, the national professional membership organization in our field, and the Blinded Veterans Association, the Congressionally-chartered membership organization of the Nation's war-blinded.

All three of these national organizations respectfully urge this Subcommittee to increase the appropriation for this vital national library program by $2,132,500 in order to insure essential effective distribution of books, periodicals, and other reading matter by regional distributing libraries to individual blind and severely handicapped borrowers throughout the country.

In characterizing the Books for the Blind and Physically Handicapped program of the Library of Congress as vital and essential, I am not overstating its importance. By providing reading matter in braille and recorded form to blind and severely handicapped individuals who can not use conventional printed material, the program literally means the difference between a fuller life and a life devoid of the pleasures and knowledge gained from reading. For the young, it is an essential concomitant of education and a future life as a productive member of society. For those of working age, it is frequently the key to successful employment. For the elderly blind, most of whom lose their sight in middle age and later life, it is the key to continued mental stimulation and involvement.

The Congress created the Books for the Blind program at the Library of Congress when it enacted the Pratt-Smoot Act in 1931 as a means of assuring a national program to supply braille books for the blind. An amendment in 1933 included recorded books and special record players in the program. The Federal appropriation covered the cost of producing braille and recorded books and record players, while municipal and state libraries lent them to blind readers in multistate regions on a mail order basis at municipal or state expense. The adequacy of library service has varied with each regional distributing library. Postal laws permitted the books to be mailed between readers and libraries free.

Over the years, a series of amendments removed the ceiling on appropriations, included children's books, and added braille musical scores and instructional texts to the program. In 1966, Congress enacted the most recent amendment, Public Law 89-522, which made two far-reaching improvements. First, it authorized service under the program to handicapped persons who could not use conventional printed material because of their handicap but who could benefit from the use of recorded books. These are individuals with severe cerebral palsy, paralysis, or high bilateral arm amputations precluding the use of prostheses. Second, it authorized the Librarian of Congress to contract with libraries and other nonprofit organizations to assist in covering the cost of distributing books and sound reproducers to blind or severely handicapped borrowers. This contractual authority has never been used, probably because of the enactment that same year of Title IV (B) of the Library Services and Construction Act specifically authorizing grants to the states for library service to the physically handicapped.

As a result of the excellent leadership of the Library of Congress and its Division for the Blind and Physically Handicapped, coupled with the support of the Congress through the appropriations process, the program has improved considerably since the late 1950s and includes books on casette tapes as well as pressed records and braille books. However, there is still a need for making many more titles available as well as for improved cataloguing and distribution to readers.

Although financial support to regional distributing libraries under the Library Services and Construction Act has resulted in improvement of direct library service to readers, the fact that the Administration has recommended no funding for the entire Library Services and Construction Act for fiscal year 1974 jeopardizes the progress made. In fact, the Office of Education and state library agencies have alerted regional distributing libraries that they may have to lay off personnel; and we have begun to hear reports that some regional distributing libraries are preparing to do so. Based on past experience, there is no reason to believe that the states will supplant lost Federal funds for library service for the handicapped with state funds. Traditionally, library service for the handicapped has been a low priority item with most state and local libraries. It is doubtful that state and local governments will use general revenue sharing funds for this purpose, given the competition for use of these funds for other priorities. Although the Congress will undoubtedly appropriate some funds for the Library Services and Construction Act for fiscal year 1974, it is doubtful that the amount will be high enough to fill the need without risking another veto of the Labor-HEW appropriation bill.

As an alternative, we would strongly recommend that the authority granted to the Librarian of Congress under Section 2(a) of Public Law 89-522 to contract with libraries or other nonprofit organizations to assist in financing the cost of distributing books and sound reproducers be activated. We would strongly recommend that the item in H.R. 6691 for Books for the Blind and Physically Handicapped be increased by at least $2,000,000 to supplant funds which will undoubtedly be lost for library service to the physically handicapped in any appropriation for the Library Services and Construction Act.

In passing H.R. 6691, the House of Representatives disallowed $50,000 to cover the cost of two multistate storage and distribution centers. These would be operated on a contractual basis and are needed for storage of bulky braille and recorded books and sound reproducers. These storage centers would improve service in the areas they cover.

Another item disallowed by the House was $82,500 to initiate a computerized national bibliographic service operated by the Division for the Blind and Physically Handicapped at the Library of Congress to have a central catalogue indicating the availability of all braille and recorded books, many of them prepared by volunteers throughout the country. Such a central bibliographic service is badly needed and would facilitate prompt service to readers while eliminating unnecessary duplication. The projected cost of this computerized national bibliographic service would be less than $1,000,000 over a five-year period, including fiscal year 1974, with an annual operating cost of $125,000 thereafter.

In conclusion, Mr. Chairman, the national organizations I am representing would be most grateful for your favorable consideration of our recommendations to increase the appropriation for this vital program by $2,132,500 to assure effective distribution of books to blind and severely handicapped readers and to provide essential cataloguing service. This is a unique national program which can function effectively only with direct Federal financial assistance.

STATEMENT OF JOHN F. NAGLE

Mr. Chairman and Members of the Committee:

My name is John F. Nagle. I am Chief of the Washington Office of the National Federation of the Blind. My address is 1346 Connecticut Avenue, N.W., Washington, D.C. 20036.

Mr. Chairman, no single development has more drastically and beneficially affected the lives of the blind of this nation and of the world than the invention by Louis Braille of a system of raised dots enabling the blind, at last, to read, and enabling them to write and read what they had written.

Before this invention, before braille, the blind had been condemned to empty and sterile lives.

But after braille and because of the existence of braille, the blind could be educated and limitless possibilities of accomplishment and opportunity were thus made available to them.

But soon, it was realized by those who engaged in service to blind people, that having a system allowing those without sight to read was not enough.

There was a need that there be books in braille for the blind to read.

And not just "books" was enough.

There was a need for books in the kind and variety available to the sighted, for the aspirations and inclinations of the blind were those of the sighted.

Finally, in 1931, Congress recognized this unmet need of the blind for books and passed the Pratt-Smoot Act under which funds were authorized for the production and purchase of books in braille and the Library of Congress was directed to make these books available to the blind on loan through cooperating arrangements with state and local community libraries.

Then, two years later, Congress amended the federal Books for the Blind Law, so that record-players and recorded books might be made available to the blind in addition to books in braille.

Congress again amended the Books for the Blind Law in 1966, making two very major and significant changes in this law.

The amendment expanded the existing program for the blind to include the physically handicapped unable to use or read conventionally printed matter.

The amendment also authorized the Librarian of Congress to enter into contracts with state and municipal libraries and other non-profit organizations for the distribution of books, record players and records to the blind and physically handicapped.

This contractual authority has never been exercised by the Librarian of Congress. Perhaps this authority was not exercised, because, in 1966, the Library Services and Construction Act was amended by Title IV (B) -- Library Service to the Physically Handicapped -- under which provision about $25,000 was allotted to each state, the District of Columbia, and Puerto Rico, to be used toward the expenses incurred for the handling of the Federal Books for the Blind and Physically Handicapped Program at the local level (the distribution end of the library services program).

Because of this infusion of Federal funds through the Library Services and Construction Act, the library services for the blind and physically handicapped program was greatly strengthened and broadened and a substantial number of new distributing libraries for braille and recorded books were established in the states, where before, library services had been provided to the blind and physically handicapped from regional sources, generally.

And the number of blind and physically handicapped readers multiplied as local points of distribution brought about improvements in services to them.

Now, all this fine and most essential program is in jeopardy.

Since the Administration has chosen to ask for no funds for the Library Services and Construction Act this year, the library program for the blind and physically handicapped is in danger of decimation.

Let me cite an example --

Recently I attended a meeting of our state affiliate in Delaware.

The librarian of the newly established Library for the Blind and Physically Handicapped in Delaware was present and described the dire situation confronting the Delaware library.

She stated that upon the creation of the Delaware library $27,000 annually was made available from state funds, the amount Delaware had been paying the Free Library of Philadelphia for providing library service to the blind and physically handicapped in Delaware.

In addition to the $27,000 state money, the Delaware library was receiving $25,000 under the Library Services and Construction Act.

On the basis of this amount -- $52,000 -- the librarian had hired help, bought or ordered equipment, and endeavored to meet the reading needs of Delaware's blind and physically handicapped population.

The librarian said the $52,000 was not enough to really do what needed doing --

But now, with no federal money going into Delaware through the Library Services and Construction Act -- with the Delaware library funding reduced from $52,000 to $27,000 -- a disaster for the blind and physically handicapped book borrowers in Delaware is inevitable.

Inevitable, that is, unless this committee and the Congress provide the necessary funds.

As you consider the books for the blind and physically handicapped item in H.R. 6691 we urge and plead that you add the sum of $2,000,000 to the requested amount.

By making this additional sum available to the Librarian of Congress for administration of the Books for the Blind and Physically Handicapped Program, he can then activate the contractual authority granted to him by Section 2(A) of P.L. 89-522, and provide funds to local libraries for the blind and physically handicapped equal in amount, at least, to the sums they have been receiving under Title IV (B) and Title I of the Library Services and Construction Act.

The need for your approval of this $2,000,000 is desperately urgent.

The blind and physically handicapped who are totally dependent upon the Library of Congress books program for satisfying their reading needs --

Students in elementary and secondary school or students working toward a doctorate in a university;

Elderly men and women, retired as well as physically or visually handicapped, with reading an almost full-time activity;

Blind persons, other handicapped persons, who rely upon the library service for material to assist them in their occupations and professions;

Blind and handicapped persons of all ages and stations in life --

Each and all of them are completely dependent for their reading matter -- braille, records, tapes, large print -- upon the Library of Congress system of libraries for the blind and physically handicapped.

Your failure to provide the additional $2,000,000 we request will not mean a reduction of library services to many of these people, but rather, that many blind people, many people unable to use or read regularly printed matter, will be without any library service at all.

LIBRARY SERVICES FOR THE BLIND AND PHYSICALLY HANDICAPPED

In 1966 the Library Services and Construction Act was amended to include two new titles--III and IV, Parts A and B. Title IV Part B authroized grants to States to establish and improve library services to the physically handicapped who, because of their disability, are unable to read or use conventional library materials. The amendments of 1970 incorporated activities previously authorized under Title IV with Title I. Under the 1970 amendments, States are required to expend for activities previously authorized under Title IV an amount from Federal, State and local sources not less than the amount expended by the States from such sources in fiscal year 1971.

Title IV Parts A and B were funded from fiscal year 1967 to fiscal year 1971 as a separate line item in the budget.

Since 1931 the Library of Congress has been authorized by Congress to administer a program providing library service for blind readers; in 1966 a law was passed broadening this service to all persons who are unable to read conventional printed materials because of physical or visual limitations. The program includes braille books, talking books (books and magazines recorded on unbreakable microgroove records), the machines on which to play them, magnetic tapes, and a variety of other materials. The 1974 budget is $9,921,000. Those utilizing this program may borrow these materials through a regional system of libraries for the blind and physically handicapped in cooperation with the Library of Congress.

Elementary and Secondary Education

STATEMENT OF DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

ACCOMPANIED BY:

- **DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE**
- **DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS**
- **ROBERT B. WHEELER, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION**
- **RICHARD L. FAIRLEY, DIRECTOR, DIVISION OF COMPENSATORY EDUCATION**
- **DR. WILLIAM L. SMITH, ACTING DEPUTY COMMISSIONER FOR DEVELOPMENT**
- **ROSEMARY C. WILSON, CHIEF, FOLLOW THROUGH BRANCH**
- **DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT**
- **JAMES B. ROBERTS, EXECUTIVE OFFICER, SCHOOL SYSTEMS**
- **JOE G. KEEN, BUDGET OFFICER**
- **THOMAS McNAMARA, BUDGET ANALYST**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

PROPOSED INCORPORATION WITH REVENUE SHARING

Senator HOLLINGS. Next on the agenda is the Elementary and Secondary Education account. This is one of the items that the President proposed to fold into revenue sharing. Of course, if you go by what the budget says about revenue sharing, you would think that this would cure all our problems. I still have some doubts about that.

There are two line items here that continue to require direct appropriations, that is bilingual education and Follow Through. I understand Follow Through is being phased out.

You may proceed.

INTRODUCTION OF STAFF

Mr. MATTHEIS. If I may, I would like to introduce several members of my staff, then enter into the record a short preliminary statement.

The people that I have with me include Dr. John Rodriguez, at the end of the room; my Associate Deputy Commissioner, Mr. Thomas Burns, the Deputy Associate Commissioner for the Bureau of Elementary and Secondary Education, Dick Fairley from the Division of Compensatory Education, and Rosemary Wilson, who is the Director of the Follow Through program; and Mr. Jim Roberts, my executive officer in the deputyship.

Senator HOLLINGS. Where is Ms. Wilson headed?

Mr. MATTHEIS. She is at the end of the table.

Senator HOLLINGS. I thought she was being phased out.

Mr. MATTHEIS. Not for a period of years. We will discuss the reasons for phasing out that program, and the procedures that will be used.

Most of the funds previously requested under this appropriation account have been consolidated under the proposed special education revenue sharing for fiscal year 1974. Included in this consolidation were amounts previously requested for titles I and III of the Elementary and Secondary Education Act.

Under this appropriation account we are requesting $76 million in 1974 for elementary and secondary education to provide support for the bilinqual education programs, authorized by title VII of the Elementary and Secondary Education Act, ESEA, and the follow-through program, authorized by the Economic Opportunity Act of 1964, a decrease of $16,780,000 from the comparable 1973 level of $92,780,000 for these programs.

BILINGUAL EDUCATION

The bilingual education program is a discretionary grant program which provides funds to local education agencies for projects designed to meet the needs of children who come from environments where the dominant language is other than English and who come from low-income families. This program has grown from a modest program with funding of $8 million in 1969 to one for which we are requesting $35 million in 1974. While the request for $35 million in 1974 is approximately the same as the amount requested for 1973, 64 new projects are expected to be funded. The 70 projects which were initially funded in 1969 and have gone through the 5-year cycle will not be funded by title VII, but are expected to be continued by the local education agencies. Therefore, in effect, the bilingual/bicultural thrust will continue to grow in 1974.

In 1974, the bilingual education program will provide funding for 211 projects serving 143,000 pupils compared with 217 projects serving 111,000 pupils in 1973. In addition to increasing the availability of services to more pupils, emphasis will continue to be placed upon dissemination of project-developed materials in order to accelerate the replication and installation of bilingual education instruction as part of the regular school program.

Senator HOLLINGS. On the bilingual programs, it assumes of course, you speak Spanish or English, and you try to instruct in Spanish. Is that the case?

Mr. MATTHEIS. That is the primary purpose of the program in the early elementary years, and to make the transition into the English language as they proceed through school; yes, sir.

Dr. OTTINA. Mr. Chairman, for the record, we should note that it is not exclusively Spanish. We do have bilingual programs in other languages.

ENGLISH DIALECT PROBLEMS

Senator HOLLINGS. Yes. I think it was Senator Robert Kennedy that provided that the Spanish-speaking Puerto Ricans in New York could vote. Everybody thinks I am facetious, but there are other languages for example they came up from South Carolina, because the district has the best Head Start program for minority groups, and they look for a job. They do not speak English. They speak Geechee, which is a dialect and nobody understands it up here. They have a difficult time. We have to send some folks down to help them make out the applications. They get lost for a long time.

It is not just incidental to the minorities. Senator Burnett Maybank was my predecessor and I have heard the distinguished Chairman of this subcommittee say he never did understand what Senator Maybank was saying. This program has no relation to that need, however, does it?

Mr. MATTHEIS. I am not sure they address themselves to dialects, although we do have programs there, primarily Spanish-speaking, Mexican-American. There is a large number of Puerto Rican with the Spanish ethnic group. But we also have Portuguese programs, French projects, Chinese projects, one Russian project, and a number of American Indian projects. To the best of my knowledge, we do not have any in the area of the dialect that you were referring to, however.

Senator HOLLINGS. A Russian project?

Mr. MATTHEIS. There is a Russian settlement up in Oregon.

Senator HOLLINGS. None in North Dakota?

Mr. MATTHEIS. Bilingual programs?

Senator HOLLINGS. Russians.

Mr. MATTHEIS. There are, but I think that most of them speak English.

I happen to come from a background that was part of that group—German, Russian people.

Senator HOLLINGS. The budget justification says that 5 million children are in need of bilingual instruction, and the budget request for $35 million will only serve 143,000. I can understand how difficult it will be to reach all the 5 million of the children involved. But are there any more approaches, innovative approaches that you can think of to reach more people, like the Spanish version of Sesame Street, some programs like that?

Mr. MATTHEIS. There is a program in the developmental stages for preschool and primary children in Spanish, along with English-language teaching. We call it by precisely the title you call it—the bicultural and bilingual program. For television, there are several programs along this line, one in California and one in Texas that are in the development stage.

Another activity that I think is really going to have a large degree of leverage in this area, Mr. Chairman, is action by States. I think that we in the Federal Government should take some degree of concern—we have started in the bilingual education program area, many programs throughout the country. We have identified a problem. The States have reached the point where they are recognizing the problem and beginning to solve it. A number of States have passed legislation to provide for State funds to do exactly what we are starting to do from the Federal level. Laws have been passed which now indicate that they must provide language instruction that is native to the child. Massachusetts is an example. California has recently passed a law that provides for a specific bilingual education program which will add to what we have started with Federal funds.

It is a catalytic process. New Mexico has done the same thing. We are developing a catalytic process here, where Federal funds scattered throughout the country have been used to develop programs and instigate local and State development, thereby providing for really larger programs to meet the real needs as you have identified—the 5 million children.

Senator HOLLINGS. I am as enthused as you are in the result. Right in the District of Columbia, do you have any programs at all?

Mr. MATTHEIS. Bilingual education?

Senator HOLLINGS. To teach English, so they can express themselves. I am convinced that more blacks migrate to the District of Columbia. If they had that kind of program here this is where the need is. I see it. I know it. If they had a better way to express themselves, it would help, almost like a Head Start program, educationally, in reading and communicating within the school system in this District. But you do not put it here. You run out and find a Russian in North Dakota, or some of those that settled in Oregon. Where the problem is right under your nose. It is just like a cancer too, it gets worse and worse. You don't provide a program there, and that is what I do not understand.

Mr. MATTHEIS. I am not sure, Mr. Chairman, whether, in fact, the legislation really has been identified specifically to this problem. I would say, however, that a portion of the problem that you have identified is being dealt with in the areas of language arts instruction with title I funds, of which there are large amounts going to places like Washington, D.C. It is not a bilingual program, but it is very much supported by a federally funded program where the preponderant amount of money is spent on reading and language arts.

Senator HOLLINGS. All right, sir.

Mr. SMITH. I would like to add, in the teacher education program, there is a project in the District of Columbia, as well as an extensive right-to-read project in the District of Columbia.

Senator HOLLINGS. There is one?

Mr. SMITH. Yes, sir.

Senator HOLLINGS. How does it work?

Mr. SMITH. My understanding is—I am not sure, sir; you had better let me check for the record. The teacher education program is working well. I am not sure of the right-to-read program. I think it would be best not to respond.

Senator HOLLINGS. Senator Montoya really sponsored these amendments in this appropriations committee. When he is thinking of his people in New Mexico, I am thinking of mine down in South Carolina. They come up here and need the assistance, and he says, it will take care of them, too. I never have found anybody that knew that.

Mr. MATTHEIS. I am not aware of any specific program——

Senator HOLLINGS. Please continue.

FOLLOW THROUGH

Mr. MATTHEIS. If I might go through a short description of Follow Through and then go to general questions.

The purpose of Follow Through, which is a research, development, and evaluation program, is to develop and validate successful approaches for the education of low-income children in the early elementary grades. Twenty-two approaches which are sponsored by institutions of higher education or eductional research laboratories, as well as some approaches developed by local education agencies, are being conducted in 173 Follow Through projects throughout the country in the school year 1972–73. There is at least one project in every State.

The sum of $41 million has been requested for Follow Through in 1974. These funds will provide for those children continuing in the program, but will not provide for new entering grade levels. This is consistent with the program's basic purpose as an experimental program to use what is learned from this program to improve education for disadvantaged children in regular school programs. Beginning with fiscal year 1974 funds, no new classes will be started. This policy will lead to a phaseout of the program by June 1977, using fiscal 1976 funds.

The national longitudinal evaluation will continue to study the impact of Follow Through, approaches upon students, parents, and institutions, to coincide with the purposes stated above.

Thank you, Mr. Chairman. My associates and I will be happy to answer any questions you may have.

Senator HOLLINGS. I am still fascinated by your statement that "the national longitudinal evaluation will continue to study the impact of Follow Through, approaches upon students, parents, and institutions, to coincide with the purposes stated above." I do not know what has been said yet.

Mr. MATTHEIS. The statement means simply this, we have a very comprehensive research project associated with Follow Through. What we are trying to do is to learn what successful approaches to teaching these children there are, and knowing those approaches, then, to implant them in the regular school program.

Senator HOLLINGS. I see.

MONITORING REVENUE SHARING

Clarify for me the monitoring that is going to occur on the revenue sharing. For example, title III money, the supplementary services program, goes to States for innovative projects. The States choose to use this money. What is to say that there will not be a lot of duplication? Will the Office of Education be monitoring the State plans?

Mr. MATTHEIS. The title III program that you refer to, and that we have indicated, will be an eligible expenditure under that category of the Better Schools Act called support services. They would be able to spend money for title III types of activities, administrative activities, library book activities, and so on. There would not be any specific monitoring as to whether they spend it for title III activities or library book activities. What we would be expecting from the States is an expenditure plan to show how they would spend the money. Actually, we do not monitor them to the degree that we would prevent, let alone discourage them.

I suppose there might be duplication of activities among the States—what is innovative in one State might not necessarily be innovative in another State. There is a difference, and there might be a necessity for some degree of duplication. There would be less monitoring in the Better Schools Act, because we would not be requiring a State plan, as we do now. They would simply indicate to us how they would expend the money. There would, however, be an accountability area. Obviously, there would be the continuing audit of the expenditures after the expiration of that project or fiscal year to show that they spent the money the way they said they were going to spend it. Second, there would be compliance with the basic tenets of the law.

Obviously, there would be less monitoring than now, because we would be turning over a substantial new decisionmaking authority to the State and local governments to spend more in line with their priorities.

Senator HOLLINGS. The budget proposal would cut off all funds for strengthening State departments of education. The program was started in 1965. It has done a great deal to upgrade State departments. Why do you say that, it is not needed any more?

Mr. MATTHEIS. I address that with some degree of reservation, having been a former State commissioner in the State of Minnesota.

Senator HOLLINGS. I was just noticing that.

Mr. MATTHEIS. Although we are zero-budgeting that category as an item prior to putting funds into the Better Schools Act, the fact of the matter is that under the support services category, a State could, if so decided, if that was the judgement of the State, spend funds in that category in substantial amounts for those types of activities that are presently being carried out now under title V. So there is an opportunity for them to conduct the same type of activities under the support services program.

Senator HOLLINGS. But you said the primary thing, a moment ago, was migrant workers.

Mr. MATTHEIS. No——

FUND DISTRIBUTION FORMULA

Senator HOLLINGS. What is your priority? What is that formula again, Dr. Ottina, and where does the State department fit into that?

Dr. OTTINA. If I might start from the beginning. Given the appropriation level, we first take out the amount of dollars that is required for the impacted aid children. That is the dollar amount. We reduce the appropriation by that amount.

We take 3 percent and reserve that for the outlying territories and the special needs for Indian children. Under the amount that we talked about, there would be a remainder of $2.5 billion, roughly; 60 percent is earmarked for the disadvantaged. The remaining 40 percent is further allocated into three categories: Handicapped, vocational education, and support services.

This last category, support services, is the portion that Mr. Mattheis was talking about. That could be used for textbooks or the State department of education. That does not have to be used in the first category, the first earmarked—the disadvantaged—in that fashion.

Mr. MATTHEIS. But to go back to the migrants, Mr. Chairman. The migrant program that Dr. Ottina addressed earlier, would be a first consideration for a State as they began to spend money in that category for the educationally disadvantaged. They would have to make a judgment, a decision, as to how much of it they were going to spend for migrants before they made their State allocation under the disadvantaged set-aside under the Better Schools Act.

Senator HOLLINGS. You mentioned 60 percent for disadvantaged students, and the procedure—by computing the percentage of disadvantaged students in the entire district, and you compute the percentage of disadvantaged students in the specific school zone, I think. Is that not right? If the school zone percentage exceeds the percentage of disadvantaged students in the entire district, then you are eligible for the funds?

Dr. OTTINA. That is not precisely what is proposed in the Better Schools Act. That closely approximates the current title I approach.

DIFFERENCE BETWEEN BETTER SCHOOLS ACT AND TITLE I

Senator HOLLINGS. I was trying to decipher my notes on the title I approach. What is the difference now in the Better Schools Act?

Dr. OTTINA. The Better Schools Act begins by counting the number of disadvantaged children throughout the Nation and then allocating to the States in proportions based on that amount. Then the State can have its option, allocating either on the criteria of disadvantaged as tested economically, or on the basis of measurements or tests to test educationally disadvantaged. It would then be determined the number in each of the districts.

A proposal is that the districts that have high concentrations of disadvantaged, a high concentration being 15 percent or 5,000 students, must be treated first with the full amount that they are entitled to before lower concentration districts are treated. Once the district receives the money, it can allocate it to the schools based on——

Mr. MATTHEIS. They have to list them in the order of their concentration of educationally disadvantaged children in the school. Say the district has six elementary schools, one of them is primarily educationally disadvantaged children, that would be of the first priority, and they would be the first one to be funded with funds from the local school district level.

Senator HOLLINGS. You are using the area rather than the school district?

Mr. MATTHEIS. We are using both of them. First, the State, as a basic distribution factor; then we are using the school district. Then within the school district, we are using the school building.

SECTIONAL PROBLEMS

Senator HOLLINGS. Pardon me for using my State again. They say we have two problems down there. One is the 1970 census is too old. There have been shifts since that time. Four or five districts would continue to be eligible if new data were used but they are not so based on the 1970 data. You would have to change the findings or the district would have to finance a new survey, second is the possibility that HEW regulations and the law don't particularly jive—the law infers that the school enrollment would be considered, whereas the

HEW regulations consider the total student population within the area.

Do I make myself clear?

Mr. MATTHEIS. Yes. I suppose there is an interchange in the use of school area and school building in many cases. Primarily where we get into the school districts where there are integration activities, the school area becomes something very different from the immediate geographic area around the school, because there might be children from a number of school areas going to a given school building. So it provides for a very complex arrangement with regard to the number of children within a given building that are eligible.

But the basic difference in the new law, the Better Schools Act, is to increase the concentration of funds to the school district and the school buildings or areas where the children are most in need. That is the principle that we are trying to get across.

We should go back to one point, the 1970 and 1960 census data, which has been a very complex and troublesome area for us. The Better Schools Act would provide for the use of the Orshansky formula, which is a formula that is much more easily and annually updated. We could not get into the situation that we are presently in of using 1959 statistics, 1960 census, in 1973 programs. The Orshansky formula would prevent that very great problem.

Senator HOLLINGS. When you speak of a school building are you speaking of the actual enrollment?

Mr. MATTHEIS. The students, the students there, which on some basis——

Senator HOLLINGS. The students enrolled in the school or ones that are eligible to attend that school? There is a difference, you see.

Mr. MATTHEIS. I do not know what is the fine point. It obviously is the children in that school. If they were not in school, we would not be providing a program for them.

Senator HOLLINGS. I will get you out of North Dakota, and get you to South Carolina. In a lot of the areas, you have a school building and a lot of white students have, in effect, been taken out of a particular area, because they are attending that private school. But you have got the building, and there are so many eligible. Now, are you going to treat the ones that are eligible or treat the ones that are in the building? That is what I want to know.

Mr. MATTHEIS. Mr. Chairman, first of all, children in the building. But there is also a provision for those schools that meet the various civil rights criteria, a provision for treating students that have similar needs that are in nonpublic schools. But it is primarily——

Senator HOLLINGS. I am not so much worried about that, as I am worried about the fair treatment in the public schools. You see, they are being penalized by this practice around their own school buildings, within the environs of that particular building itself.

Mr. MATTHEIS. Obviously, it would be the children in the school building, not those that have fled the system. We are not communicating, apparently. I would like to respond to the specific question, if I have not already.

DETERMINING DISADVANTAGED STUDENTS

Senator **Hollings**. How do you determine a disadvantaged student?

Mr. **Mattheis**. There are a number of ways.

Senator **Hollings**. How do you do it? We have to do it your way.

Mr. **Mattheis**. The easiest way is on the basis of their educational achievement compared to some type of testing norm. This would be available to a school district to make a determination that this was the measure of economic deprivation, the fact that a group of children were achieving at a lower level than the school district norm or any norm that they would set. That is the educational disadvantage measurement.

Dr. **Ottina**. The proposal for distributing funds from the Federal level to the State, however, as proposed, is on economic criteria, not education criteria.

EQUIPMENT AND MINOR REMODELING

Senator **Hollings**. All right, sir.

On equipment and minor remodeling, the continuing resolution provides $50 million for equipment programs. I understand that none of these funds have been released. Is that true?

Mr. **Miller**. We have released $2 million in order to keep the people that administer that program in the States in place until a decision is made on fiscal year 1974.

Senator **Hollings**. There is nothing in the budget for the program?

Mr. **Miller**. No, there is not.

Senator **Hollings**. HEW says the State can go to the Federal Government for the resources, but then you do not have any matching grant program. Could you not really save money if you had a matching grant program with the States?

Dr. **Ottina**. Mr. Mattheis I think has some good insight to answer that inquiry.

MATCHING GRANT PROGRAMS

Mr. **Mattheis**. I think the biggest problem with the matching grant programs—and they do have some good points in various areas—but the biggest problem is, as long as the States do not have the type of equity in State-financed programs, the school districts individually are treated with great inequity. When they are asked to match dollars, the poorest district has to put up a dollar in order to get a dollar just like the richest district does. So there are some basic inadequacies in the matching grant program.

And the other part—and I think this is the part that the Commissioner is really getting at—the matching grant program has some insidious elements in it, in that it directs from the Federal level the priorities that local districts are literally compelled to follow. The choice is made at the local district as to what they are going to spend their dollar for, whether it is a teacher or a guidance counselor, that the local district has to pay all the dollars for, or whether they can multiply that single dollar and get a Federal dollar by putting it into equipment. The temptation is very great to have them shift their priorities just because of the availability of dollars, not because of educational program needs. That is another real problem with the matching grant programs.

INDIAN EDUCATION PROGRAMS

Senator **Hollings**. So on Indian education, we provided last October $18 million in the first supplemental to Indian education. I think that was frozen. The President asked that the money be rescinded, and the Congress denied that request. Now, what is going to happen to that money?

Dr. **Ottina**. It was not my understanding, as of this data, that that denial had been completed. My understanding is that the subcommittee has acted, but as yet the full committee has not. We have, as we have mentioned in other testimony before this group, been continually readying ourselves to implement that program. I am sure that the Senator is aware that only about 10 days ago, a National Advisory Council was announced by the President. That National Advisory Council was one of the direct steps in this program, because it has unusual and special responsibilities under this act.

Two of these responsibilities are to review the regulations and applications for funding, and to nominate to the Commissioner of Education candidates for the Deputy Commissioner for Indian Education. The Commissioner is required to select a candidate. We have published the regulations, and have set dates for the filing of applications. Applications have been distributed as of today to all known eligible districts. We have made information available to them, and we are proceeding to implement this program.

Senator **Hollings**. How much money do you provide in the 1974 budget?

Dr. **Ottina**. We have not requested any funds in 1974, as we did not request any funds in 1973.

Senator **Hollings**. Dr. Ottina, how do you implement that program that you have been gearing up, and you are going to have deputies and assistants and everything else, out of no money? How does that happen? How do you administer this program?

Dr. **Ottina**. It seemed to me, Senator, that the Office of Education had to be prepared to implement this program if the Congress and the Executive decided to spend this money. I felt that it would be negligent on our part if we did not ready ourselves to be in a position to proceed.

So now for a number of months since last September we have been getting in that position. We believe we are in such a position should that decision be made. We believe that we can handle all three parts reasonably, accept the applications and review them and make funding decisions.

Senator **Hollings**. And if you do, it will be handled by the Interior Appropriations subcommittee?

Dr. **Ottina**. We did testify before the committee in the Senate and the House, Senator Bible's committee.

REQUIRED PERSONNEL STAFFING

Senator HOLLINGS. How much of a staff does it take to administer the elementary and secondary education programs?

Dr. OTTINA. The programs that are being incorporated into the Better Schools Act have approximately 439 people that administer it at present, under its various titles and subtitles. Our request for staffing enumerates the positions for your consideration by program. It is a very detailed list. We are requesting if the Better Schools Act is implemented, we will require approximately 112.

Senator HOLLINGS. You are reducing some 300 positions?

Would Ms. Wilson like to say anything as she leaves? How do you do away with Follow Through in that phasing out of the Follow Through program?

Ms. WILSON. I am not involved in the Better Schools Act now.

Mr. MATTHEIS. Her program will continue by phasing out one grade level at a time for the next 5 years. It is not to be folded into the Better Schools Act.

Senator HOLLINGS. Very good.

We appreciate your presentation here this afternoon.

JUSTIFICATION

The justification for your budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

ELEMENTARY AND SECONDARY EDUCATION

For carrying out, to the extent not otherwise provided, title [I ($1,810,000,000), title III ($171,393,000), and title V, parts A and C ($53,000,000),][1] *VII*[2] of the Elementary and Secondary Education Act, [$2,034,393,000: *Provided*, That the aggregate amounts made available to each State under title I-A for grants to local education agencies within that State shall not be less than such amounts as were made available for that purpose for fiscal year 1972: *Provided further*, That the requirements of section 307(e) of Public Law 89-10 as amended shall be satisfied when the combined fiscal effort of the local education agency and the State for the preceding fiscal year was not less than such combined fiscal effort in the second preceding fiscal year][3] [2]*and section 222(a)(2) of the Economic Opportunity Act of 1964, $76,000,000.*

Explanation of Language Changes

1. Provision for educational activities in areas where the Federal government has developed strong interests in strengthening school programs, such as compensatory education for the disadvantaged and support services, will be included in Special Education Revenue Sharing for which authorizing legislation will be proposed. The program for strengthening State departments of education will be terminated.

2. Language has been added to reflect activities recently transferred to this account from the appropriation for Educational Development.

3. The language relating to a specific distribution of funds from Title I of the Elementary and Secondary Education Act is deleted since this program is being consolidated into Special Education Revenue Sharing. The language relating to eligibility of a State under Title III of the Elementary and Secondary Education Act is deleted since funding for this Title is terminated, and the program is being consolidated into Special Education Revenue Sharing.

Elementary and Secondary Education

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$1,771,078,000	$76,000,000
Comparative transfer from:		
"Educational development"	92,780,000	---
Total, obligations	1,863,858,000	76,000,000

Obligation by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Educationally deprived children	$1,585,185,000	$ ---	$-1,585,185,000
Supplementary services	146,393,000	---	-146,393,000
Strengthening State departments of education	38,000,000	---	-38,000,000
Bilingual education	35,080,000	35,000,000	-80,000
Follow through	57,700,000	41,000,000	-16,700,000
Equipment and minor remodeling	1,500,000	---	-1,500,000
Total obligations	1,863,858,000	76,000,000	-1,787,858,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other services	$ 1,000,000	$ 3,000,000	$ +2,000,000
Grants, subsidies and contributions	1,862,858,000	73,000,000	-1,789,858,000
Total obligations by object	1,863,858,000	76,000,000	-1,787,858,000

Summary of Changes

1973 Estimated obligations	$1,863,858,000
1974 Estimated obligations	76,000,000
Net change	-1,787,858,000

	Base	Change from Base
Decreases:		
A. Program:		
1. Educationally deprived children	$1,585,185,000	$-1,585,185,000
2. Supplementary services	146,393,000	-146,393,000
3. Strengthening State departments of education	38,000,000	-38,000,000
4. Bilingual education	35,080,000	-80,000
5. Follow through	57,700,000	-16,700,000
6. Equipment and minor remodeling	1,500,000	-1,500,000
Total, net change	---	-1,787,858,000

Explanation of Changes

1. - 2. Decreases are shown of $1,585,185,000 in Educationally deprived children and $146,393,000 in Supplementary services to reflect the consolidation of these programs under Special Education Revenue Sharing.

3. A decrease of $38,000,000 is requested for Strengthening State departments of Education. The 1974 budget expects that States should now be in a position to support and maintain their own State agencies, particularly as Special Education Revenue Sharing increases the capacity of States to administer education programs.

4. A decrease of $80,000 is requested for the Bilingual education program, a discretionary grant program for projects designed to meet the special needs of children who come from environments where the dominant language is other than English. This decrease results from the termination of 70 projects which have completed their five years of Federal funding and are expected to be continued with State and local funds. Sixty-four new projects, estimated at $10.5 million, will be initiated under the 1974 budget request.

5. The Follow Through program requests a decrease of $16,700,000 in 1974, reflecting the gradual phase out of this program. Approaches for the education of low-income children, which have been validated in this experimental program, will be used to improve education for the disadvantaged through other programs such as Special Education Revenue Sharing. In fiscal year 1974, no new kindergarten component will be added and the average cost per student will be reduced.

6. A decrease of $1,500,000 is shown to reflect the termination of the equipment and minor remodeling program.

Authorizing Legislation

	1974	
Legislation	Authorized	Appropriation requested
Elementary and Secondary Education Act:		
Title VII -- Bilingual education	$135,000,000[1]	$35,000,000
Economic Opportunity Act of 1964:		
Section 222(a)(2) -- Follow-Through	70,000,000	41,000,000

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[1] Authorization expires June 30, 1973; extension legislation is proposed.

Elementary and Secondary Education Act of 1965

TITLE VII—BILINGUAL EDUCATION PROGRAMS

SHORT TITLE

SEC. 701. This title may be cited as the "Bilingual Education Act".

DECLARATION OF POLICY

SEC. 702. In recognition of the special educational needs of the large numbers of children of limited English-speaking ability in the United States, Congress hereby declares it to be the policy of the United States to provide financial assistance to local educational agencies to develop and carry out new and imaginative elementary and secondary school programs designed to meet these special educational needs. For the purposes of this title, "children of limited English-speaking ability" means children who come from environments where the dominant language is other than English.

(20 U.S.C. 880b) Enacted Jan. 2, 1968, P.L. 90-247, Title VII, Sec. 702, 81 Stat 816.

AUTHORIZATION AND DISTRIBUTION OF FUNDS

SEC. 703. (a) For the purposes of making grants under this title, there is authorized to be appropriated the sum of $15,000,000 for the fiscal year ending June 30, 1968, $30,000,000 for the fiscal year ending June 30, 1969, $40,000,000 for the fiscal year ending June 30, 1970, $80,000,000 for the fiscal year ending June 30, 1971, $100,000,000 for the fiscal year ending June 30, 1972, and $135,000,000 for the fiscal year ending June 30, 1973.

(b) In determining distribution of funds under this title, the Commissioner shall give highest priority to States and areas within States having the greatest need for programs pursuant to this title. Such priorities shall take into consideration the number of children of limited English-speaking ability between the ages of three and eighteen in each State.

GENERAL PROVISIONS CONCERNING EDUCATION [1]

PROGRAMS SUBJECT TO THIS TITLE; DEFINITIONS; APPROPRIATIONS; SHORT TITLE

SEC. 401. (a) The provisions of this title shall apply to any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute. Amendments to Acts authorizing such programs shall not affect the applicability of this title unless so specified by such amendments.

(b) For the purposes of this title, the term—

(1) "Commissioner" means the Commissioner of Education;

(2) "Secretary" means the Secretary of Health, Education, and Welfare; and

(3) "Applicable program" means a program to which this title is applicable.

(c) There are hereby authorized to be appropriated for any fiscal year, as part of the appropriations for salaries and expenses for the Office of Education, such sums as the Congress may determine to be necessary to carry out the provisions of this title.

(d) This title may be cited as the "General Education Provisions Act."

SEC. 404. (a) No later than January 31 of each calendar year, the Secretary shall transmit to the respective committees of the Congress having legislative jurisdiction over any applicable program and to the respective Committees on Appropriations a report evaluating the results and effectiveness of programs and projects assisted thereunder during the preceding fiscal year, together with his recommendations (including any legislative recommendations) relating thereto.

(b) In the case of any such program, the report submitted in the penultimate fiscal year for which appropriations are then authorized to be made for such program shall include a comprehensive and detailed review and evaluation of such program (as up to date as the due date permits) for its entire past life, based to the maximum extent practicable on objective measurements, together with the Secretary's recommendations as to proposed legislative action.

(c) Unless the Congress—

(1) in the regular session in which a comprehensive evaluation report required by subsection (b) is submitted to Congress, has passed or formally rejected legislation extending the authorization for appropriations then specified for any title, part, or section of law to which such evaluation relates, or

(2) prior to July 1, 1973, by action of either House approves a resolution stating that the provisions of this subsection shall no longer apply,

such authorization is hereby automatically extended, at the level specified for the terminal year of such authorization for one fiscal year beyond such terminal year, as specified in such legislation.

Economic Opportunity Amendments of 1972

(3) For the purpose of carrying out the Follow Through program described in section 222(a)(2) such Act, there are authorized to be appropriated $70,000,000 annually for the fiscal year ending June 30, 1973, and the succeeding fiscal year.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer from:		
Educational development	$ 92,780,000	Transfer of the Bilingual education program (Title VII of the Elementary and Secondary Education Act) and the Follow-Through program (Section 222(a)(2) of the Economic Opportunity Act of 1964) to the Elementary and Secondary Education appropriation to concentrate programs benefitting educationally deprived children in elementary and secondary schools in one account.

Elementary and Secondary Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 77,170,000	$ 64,670,000	$ 64,670,000	$ 64,670,000
1965	100,100,000	90,400,000	99,200,000	99,200,000
1966	1,494,634,000	1,165,950,000	1,165,950,000	1,165,950,000
1967	1,327,360,000	1,327,360,000	1,352,360,000	1,352,360,000
1968	1,544,250,000	1,504,000,000	1,550,000,000	1,511,866,000
1969	1,469,113,000	1,280,753,000[1]	1,494,826,000	1,420,993,000
1970	1,382,143,000	1,697,341,000	1,712,341,000	1,558,072,900
1971	1,510,443,000	1,712,143,000	1,794,343,000	1,748,143,000
1972	1,760,093,000	1,755,893,000	2,069,593,000	1,920,593,000
1973	1,885,723,000			
1973 Amendment	-21,865,000			
1974	76,000,000			

1/ National Defense Education Activities not considered pending enactment of authorizations.

NOTE: In order to reflect comparability with the 1974 estimate this history table excludes library resources which has been transferred to "Library Resources" and dropout prevention and planning and evaluation which have been transferred to "Educational Development."

Justification

Elementary and Secondary Education

	1973	1974	Increase or Decrease
Educationally deprived children..	$1,585,185,000	$ ---	$-1,585,185,000
Supplementary services...........	146,393,000	---	-146,393,000
Strengthening State departments of education....................	38,000,000	---	-38,000,000
Bilingual education..............	35,080,000	35,000,000	-80,000
Follow Through...................	57,700,000	41,000,000	-16,700,000
Equipment and minor remodeling...	1,500,000	---	-1,500,000
Total......................	1,863,858,000	76,000,000	-1,787,858,000

General Statement

In 1974, the Administration is submitting legislation to authorize a program of special revenue sharing in elementary and secondary education. This will consolidate and simplify Federal aid programs in elementary and secondary education to give State and local school officials greater flexibility and responsibility for managing and targeting program funds. Support for educational activities in areas where the Federal government has developed strong interests in strengthening school programs, such as compensatory education for the disadvantaged and general support, will be included in Special Education Revenue Sharing for which authorizing legislation will be proposed.

Federal support for strengthening State departments of education and the program of acquisition of equipment and minor remodeling will be terminated in 1974 as it is believed that the States should have the capacity to continue the most successful aspects of these programs on their own.

The Bilingual education program, Title VII of the Elementary and Secondary Education Act, will be maintained at the same overall funding level in 1974 as in 1973, approximately $10.5 million will be available, however, to support 64 new projects, as some 70 projects expire and are expected to be picked up in some form by State and local funds.

The Follow-Through program, as authorized by the Economic Opportunity Act will be gradually phased out beginning in fiscal 1974. Beginning in fiscal year 1974, classes that complete the Follow-Through program will not be replaced by new classes. This policy will lead to a phase out of the program by 1978.

	1973 Estimate	1974 Estimate 1/	Increase or Decrease
Educationally deprived children:			
a. Grants to local educational agencies..................	$1,390,177,546	$ ---	$-1,390,177,546
b. Grants to State agencies.....	141,416,529	---	-141,416,529
c. Grants for State administration......................	17,125,900	---	-17,125,900
d. Special incentive grants under Part B...............	8,214,906	---	-8,214,906
e. Grants to urban and rural schools, Part C............	28,065,119	---	-28,065,119
f. Advisory Committee...........	185,000	---	-185,000
Budget authority and obligations..............	1,585,185,000	---	-1,585,185,000

Narrative

Basic Authorizing Legislation:

Title I of the Elementary and Secondary Education Act of 1965, as amended, provides additional funds to supplement State and local money in local educational agencies with large numbers of children from low-income families. The money is intended to provide special educational programs for educationally deprived children. Amendments under Public Law 91-230 (approved April 13, 1970) added two new parts to the legislation which became effective in fiscal year 1971. Part B provides special incentive grants to States and Part C provides special grants to urban and rural schools with the highest concentrations of children from low-income families. Parts B and C are to be implemented when the appropriation level exceeds $1,396,975,000.

How Title I Grants are Computed:

The basic Title I grants to local school districts are computed on a county basis by multiplying the number of children eligible under the formula in the county by one-half the State or national per pupil expenditure, whichever is higher. The number of formula children is based on the number of children, ages 5 through 17, who are (1) in families with an annual income of less than the low-income factor ($2,000); (2) in families receiving an income in excess of the low-income factor from payments under the program of Aid to Families with Dependent Children; or (3) living in institutions for neglected or delinquent children, or living in foster homes supported by public funds.

1/ Included under Special Education Revenue Sharing

The formula for distributing funds provides for the direct allocation from the Federal Government to counties. The county allocations are then suballocated to the local school districts by the State educational agencies on the basis of the most recent data which best reflect the distribution of low-income children. Additional authorizations are provided for State agencies directly operating or supporting schools for neglected or delinquent children, for youthful offenders in State correctional institutions and for handicapped children. Grants to State educational agencies to establish or improve programs for children of migratory agricultural workers are also separately computed.

Grants to LEA's, Program Accomplishments, 1972/1973:

The following table summarizes the numbers of participating school districts and children in Title I projects in fiscal year 1972 and fiscal year 1973.

	1972	1973
Participating school districts..........	13,900	13,900
Number of children counted for entitlement	8,109,501	8,467,393
Number of children participating........	6,250,000	6,100,000

During 1972 and 1973 a number of sources indicated significant gains resulting from participation in Title I programs. *The Effectiveness of Compensatory Education*, published by the Department of Health, Education and Welfare, presented an analysis of State Title I reports from six States. The report stated that while .7 grade equivalent per year is usually the most which disadvantaged children gain in one year of school, in many of the compensatory education programs discussed, sizeable portions (often a majority) of the poor children tested achieved at a greater rate then this. The report adds that a still significant percentage are achieving at or above the national norm (1.0 grade equivalent gain per year). In addition, the fiscal year 1971 Title I Annual Evaluation Report from Rhode Island indicated an average monthly gain of reading scores for Title I participants of 1.4 months for each month of school. At every grade level, the average monthly gain was larger than the prior average monthly gain. Using a Statewide sample of Title I participants, Kansas reported for fiscal year 1971 that 77 percent of the students had an average monthly gain in reading of one or more months for each month of participating. These illustrations reveal the kind of success that Title I can have.

During fiscal year 1973, Title I funds were focused upon instruction in reading, mathematics, and the English language arts for the most educationally deprived youngsters. This was done by improving local efforts to spend the money for schools most heavily impacted with poor children and by improving individual school's ability to identify and serve students with the most severe academic shortcomings. Federal technical assistance efforts also involved the promotion at the State and local educational agency levels of Title I project planning, design and evaluation techniques already established as basic to success.

Comparability Requirements:

Amendments to Title I contained in P.L. 91-230 which were implemented in 1971 included a new requirement involving comparability. The requirement for comparability provides that State and local funds will be used in local educational agencies to provide services in Title I project areas which, taken as a whole, are at least comparable to services being provided in areas of local educational agencies which are not receiving Title I funds. Indicators of comparability currently include staff ratio and average instructional salaries less amounts paid solely on the basis of longevity. For fiscal year 1973, State educational agencies are approving Title I applications for LEA s which are in compliance with the comparability requirements.

Participation of Non-public School Children:

The participation in Title I programs of educationally deprived children in attendance at non-public schools continued at a rate comparable to that of previous years. The issuance of the Handbook on Participation of Private School Children in Title I, ESEA in the latter part of FY 1972 has resulted in improvement in the quality of participation on a wide scale. In specific areas the solution of local problems has also led to an increase in the quantity of participants. Title I services in which non-public school children are involved are determined by the needs disclosed through the systematic steps taken to determine needs of all eligible children. Most frequently non-public school children participate in programs which are aimed at improving their achievement in reading and mathematics. Supportive services such as speech therapy, health, and psychological services also are provided to these children. Services are provided equally on public and non-public school sites as determined by local situations and administrative feasibility.

Aid for Special Categories of Children Supported by Local Educational Agencies:

Programs involving institutionalized neglected and delinquent children supported by local educational agencies and handicapped children attending local schools, are eligible for Title I grants to local school districts. Such programs have been conducted during the past six years. In fiscal year 1973 special programs in local educational agencies designed for handicapped children involved an estimated 180,000 children and the expenditure of $28,000,000 in funds. Similarly, in fiscal year 1973 programs for neglected and delinquent children in institutions located in local educational agencies benefitted an estimated 69,000 youngsters and involved the expenditure of $12,000,000. Children in these same special categories in State-operated or supported institutions (as distinguished from institutions which are locally supported or operated) receive other Title I assistance under grants to State agencies.

Grants to State Agencies: Support for Special Groups of Disadvantaged Children:

Amendments to Title I provide assistance to local and State educational agencies to help special groups of educationally deprived children in addition to those in programs at the local level described previously in this justification. These additional groups include: Handicapped children in State-operated and, State-supported schools; neglected and delinquent children in State institutions; youthful offenders in adult correctional institutions; and migrant children; and Indian children in Bureau of Indian Affairs schools.

Handicapped Children....................1973 Estimate --- $60,938,942

Fiscal year 1973 program objectives for handicapped children stressed work-study and on-the-job training programs, services to handicapped youngsters during their early childhood, and the provision of services to institutionalized children which prepared them for the transition from the institution to day care centers, or special classes in local public schools. Some 158,000 children are benefitting in 1973.

Neglected and Delinquent Children and Youthful Offenders in Adult Correctional Institutions ....1973 Estimate --- $22,097,681

Accomplishments in fiscal year 1973 for neglected and delinquent children included strengthening the institutional staff's understanding, through training programs, of the unique problems of the children and improving recruiting and training of institutional personnel to attain the personal and professional qualities needed. Evaluation reports received from participating institutions provide evidence of improvement in the children's willingness and ability to learn resulting from the use of approaches more relevant to their needs. The children's educational progress has resulted in a much less restrictive atmosphere in the institutions. The children have received more freedom which has resulted in fewer runaways and more visits from parents, public school teachers and specialists. In addition, new methods of cooperation with public schools are being undertaken to provide the released child with a more helpful methods of reentry into his community and his school. Approximately 59,000 children in 490 institutions are benefitting.

Migrant Children .... 1973 Estimate --- $58,379,906

New emphases in migrant education during fiscal year 1973 included the use of special diagnostic instruments for migrant students, and more effective use of educational materials and teaching methodologies. Improved methods were developed for the Migrant Program to identify migrant children as defined by Public Law 89-750. A great effort was made to expand and improve vocational education and encourage migrant children to find more skilled and rewarding employment upon completion of their education. The shift to a computer facility devoted exclusively to the Migrant Record Transfer System was begun in 1973, as well as the development of more comprehensive and flexible academic and health record forms for use in assessments on an interstate basis. In addition, new program applications and evaluation and monitoring methods were prepared. Over 300,000 children are participating in 1973.

Indian Children............................ 1973 Estimate --- $15,384,563

Title I programs in Bureau of Indian Affairs' schools are found in all grades from pre-kindergarten through grade 12. The programs include mathematics, reading and the language arts, bilingual programs, science, vocational education, art, physical education and recreation. Ninety percent of the fiscal year 1973 programs were concentrated upon reading and the language arts, and math, science and general academic programs. Title I funds accounted for about 390 additional professional staff members in the schools and 1,225 paraprofessional assistants. About 75 percent of the latter group were Indians. Approximately 50,000 children were served in these schools.

Title I requirements have resulted in each BIA school having a Parent Advisory Council. The Bureau has moved expeditiously in implementing this policy. During fiscal year 1973, all 155 participating BIA schools had a PAC. These are active councils effective in influencing policy decisions regarding the expenditure of Title I and other funds available in their schools.

The involvement of Indian parents during 1972 and 1973 provided more accurate needs assessments and the development by the schools of projects designed to meet the special needs of the children in each school. This participation fostered parental support for school efforts and resulted in increased achievements by the children. Significant gains were attributed to projects involving English as a second language, language development to improve speaking and writing, remedial reading to improve comprehension, and the study of Indian culture to improve the children's self-respect as well as their attitude towards school.

Part B
Special Incentive Grants ....1973 Estimate --- $8,214,906

The Special Incentive Grants of Part B are available to those States whose effort index is greater than the national effort index. In 1973, 21 States were eligible for such grants ranging from $7,238 to $1,232,199. Incentive grants are made available to a State upon application to the Commissioner of Education. Funds are made available by the States to those school districts with above average effort indexes which have the greatest need for assistance. The grants are approved in amounts relating to the district s respective needs. Only those projects which are deemed to be innovative, or exemplary, by the State educational agencies are approved. No State is entitled to more than 15 percent of the total amount for Part B.

Part C
Special Grants for Urban and Rural Schools...1973 Estimate --- $28,065,119

School districts eligible for Part C, which provides special grants for urban and rural schools with the highest concentrations of children from low-income families, include those districts where the number of children from low-income families is 20 percent of the total number of children, or a minimum of 5,000 and 5 percent of the total number of children. In addition, school districts which are in need of added financial assistance to meet the educational needs of their educationally deprived children also qualify when they satisfy one of the above requirements with a 5 percent increase in the number of children in low-income families. Grants were made to 3,728 school districts in fiscal year 1972 ranging up to $3,590,081.

The maximum Part C grant to a local educational agency is 40 percent of its maximum grant under Part A, the ongoing Title I program. Part C grants are restricted mainly to preschool or elementary school projects in school attendance areas with the highest concentration of children from low-income families. Secondary school programs may be approved if there is an urgent need for such programs and satisfactory assurances are made that the programs will be as effective as the preschool and elementary school programs.

State Administration .... 1973 Estimate --- $17,125,900

Title I of the Elementary and Secondary Education Act, in addition to authorizing grants to local educational agencies, authorizes the Commissioner of Education to pay each State up to 1 percent of its basic grant amount, or a minimum of $150,000 for necessary administrative expenses. During 1973 this administration involved the following: approving about 16,000 Title I project grant applications during the regular school year plus an estimated 5,000 applications for summer programs; extensive monitoring of Title I projects at the local level; technical assistance activities for school districts involving program development and evaluation, and providing a greatly expanded State-wide dissemination service to promote the use of effective compensatory education projects.

Fiscal Year 1974:

Beginning in fiscal year 1974, this program is being consolidated into Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate[1]	Increase or Decrease
Supplementary Services			
Grants to States	$126,295,000	---	$-126,295,000
Special Projects	20,098,000	---	-20,098,000
Budget authority and obligation	146,393,000	---	-146,393,000

Narrative

Purpose and Scope:

Authorized through 1973 by Title III of the Elementary and Secondary Education Act, this program provides non-matching grants to State education agencies to fund innovative and/or exemplary projects and supplementary centers and for guidance, counseling and testing designed to serve as models which can be replicated by local education agencies in the State and the Nation. Fifteen percent of the appropriated funds are retained by the Commissioner in order to fund, at his discretion, projects directed towards national goals and priorities. The States allotment (85%) is directed towards each State's critical educational needs as determined through their needs assessment. Under the State plan portion, States through fiscal year 1973 must assure expenditures for Guidance, Counseling and Testing equal to 50% of what that State expended for Title V-A, of the National Defense Education Act, in fiscal year 1970, and must set aside at least 15% of their funds for projects benefitting the handicapped.

In addition the Special Programs and Projects (Section 306) funds, which constitute fifteen percent of each State's allotment, are used by the Commissioner of Education to support innovative and exemplary projects which utilize research findings and demonstrate successful solutions to major educational problems common to all or several States. These projects also give direction to the State Plan Program administered by the States. There is also a 15 percent set aside for projects benefitting the handicapped within the Commissioner's discretionary funds.

Accomplishments, 1972/1973:

In fiscal year 1972, Title III continued financial support to 915 ongoing projects at a cost of approximately $64,000,000 and funded 714 new project starts at a cost of approximately $50,000,000 in response to the critical educational needs of some 8.4 million children as identified in the State needs assessment.

During fiscal year 1973, this program provided technical assistance to State educational agencies to assist in the refinement of designs for needs assessment, evaluation and dissemination, and to encourage greater contribution through State-supported projects in the areas of concern to both the States and the Nation, such as reading, career education, and environmental education. The State plan share of the fiscal year 1973 appropriation enabled this program to continue 1,087 projects started in prior years at a cost of approximately $76,000,000 and allow 550 new project starts at a cost of $38,000,000.

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[1] Folded into Special Education Revenue Sharing.

The Office of Education, using ESEA Title III authorization, mounted a major effort to identify, validate and disseminate exemplary educational practices in federally funded programs. Using extensive State educational agency participation, the Office of Education coordinated an effort to establish common criteria and procedures for on-site verification of a practice as worthy of replication by other school systems. Several activities were conducted to develop improved means of facilitating the sharing of information on outcomes between successful schools (Producer) and potential adopters (Consumers) under a concept referred to as Producer-Consumer Schools Brokerage. A highlight event in fiscal year 1972 was an educational fair (Ed/Fair '72) featuring 30 exemplary practices. A similar educational fair was conducted in fiscal year 1973. State administrative funds were used to conduct on-site visits by trained validation teams to 100 or more projects to identify and validate exemplary practices to be placed in an exemplary practices Bank of Knowledge.

In both 1972 and 1973, approximately $12,000,000 was used for State administration.

In fiscal year 1972, under an appropriation of $20,100,804, approximately 117 Title III Section 306 projects were continued at a cost of $15,200,000. In addition to the funds used to continue these projects, $1,200,000 was used in a demonstration program designed to introduce into more than 400 school districts in 18 States the well-validated Kindergarten (Reading) Program developed by the Southwest Regional Laboratory with substantial support under the Cooperative Research Act. Another $1,100,000 supported 67 projects exploiting new uses of educational technology for the improvement of instruction and educational planning and management. Nineteen model reading programs were supported at $1,000,000 as part of the Office of Education's Right to Read thrust; a four-site program offering incentives to parents and teachers who succeed in improving the basic skill achievement of disadvantaged children, at a level of $300,000; and 16 projects involving artists in the schools, as a humanizing force in education.

In fiscal year 1973, under the same $20,098,000 appropriation, 98 of the original Section 306 projects were continued for an expenditure of 15,200,000. Another $1,200,000 supported in 400 sites the installation of a variety of well-validated kindergarten reading programs, a modification of Southwest Regional Laboratory diffusion strategy of the previous year. Thirty new programs exploiting educational technology for reform in education, including programming for cable and interactive TV and telecommunications system, were funded at a total commitment of $1,300,000. A variety of new approaches to the education of handicapped children were launched in 14 sites at a total of $550,000.

The balance of the appropriation in 1972 and 1973 was utilized in support of a variety of efforts designed to develop local planning and management capabilities to enable effective use of Federal funds in anticipation of special revenue sharing. Also supported were a limited number of comprehensive projects in those original program priority areas for which the initial response from the field was inadequate. A major thrust throughout these new efforts, both planning and operational, was services integration.

Fiscal Year 1974:

Beginning in fiscal year 1974, this program is being consolidated into Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
Strengthening State departments of education:			
Grants to States and special projects (Part A)	$33,000,000	---	$-33,000,000
Planning and Evaluation (Section 411)	5,000,000	---	-5,000,000
Budget authority and obligations..	38,000,000	---	-38,000,000

	1973 Estimate	1974 Estimate	Increase or Decrease
Strengthening State departments of education-Title V (Part A):			
Grants to States	$31,350,000	---	$-31,350,000
Grants for special projects......	1,650,000	---	- 1,650,000
Total	$33,000,000	---	$-33,000,000

Narrative

Purpose and Scope:

The Elementary and Secondary Education Act, Title V, Part A, authorized the Commissioner to make non-matching grants to stimulate and assist States in strengthening the leadership resources of their education agencies and assist those agencies in the establishment and improvement of programs to identify and meet their educational needs. The grants are made to the State education agencies.

Ninety-five percent of the Title V, Part A appropriation is available to State education agencies as basic grants. Five percent is reserved for special project grants to State education agencies under Section 505 of this Title to enable groups of these agencies to develop their leadership capabilities through experimental projects and to solve high priority common problems.

Accomplishments, 1972/1973:

This program has supported the accomplishment of many objectives all aimed at strengthening the States' management capability and their expertise in providing assistance to local school systems. Major accomplishments supported during this period have included the following:

1. Seventy-five percent of the States have invested Title V resources in the development of systems of educational accountability.
2. Over half of the State departments of education have established definitive objectives on an annual basis for all the activities of the agency. In addition, 28 States have initiated special efforts to utilize evaluative and assessment data to produce a set of practical and meaningful goals for elementary and secondary education on a statewide basis.

3. One-half of the States utilized a portion of their resources made available under Title V to investigate alternatives to their existing organizational and governance structures.

4. Twenty-five percent of the Title V, Part A appropriation has been directed towards enhancing the leadership and services functions provided for local education agencies.

Section 505 funds, through 25 projects, will have enabled SEA's to conduct studies and develop strategies and models for dealing with such common problems as improved internal auditing, organizational structure for public education, strengthening career education, role of the SEA in curriculum improvement and in effective ways of linking industry, private education, and public education together for the optimum exchange of resources, personnel, and educational capabilities. In addition there are eight interstate projects organized regionally designed to permit States to pursue common priorities and exchange strategies for resolution of contemporary issues.

Fiscal Year 1974

Federal support for strengthening State departments of education under Title V of the Elementary and Secondary Education Act will be terminated in 1974. The Federal government has spent substantial sums since 1965 to upgrade and strengthen State departments of education. As indicated above, significant accomplishments have been realized. The 1974 budget expects that States should now be in a position to support and maintain their own State agencies, particularly as special education revenue sharing increases the capacity of States to administer education programs.

	1973 Estimate	1974 Estimate	Increase or Decrease
Planning and Evaluation (Section 411)..	$5,000,000	-0-	-$5,000,000

Narrative

Purpose and Scope:

The General Education Provision Act, Section 411 authorizes the appropriation of such sums as may be necessary to be available to the Secretary for (1) planning programs and projects and (2) evaluating programs and projects for any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute.

Accomplishments, 1972/1973:

During FY 1972 no new funds were made available to State education agencies for planning and evaluation. However, funds were granted for these purposes in FY 1971 and there was some carryover activity.

During FY 1973 these funds were distributed to the States with $96,000 going to each State and the balance to the District of Columbia and the outlying areas of the United States. Funds were employed by State education agencies to further their readiness for responding to the increasing responsibilities concomitant with accountability requirements and the foreseeable burden of revenue sharing. Some major activities, highlighted here, are expected to be fulfilled in FY 1973 and also FY 1974 due to the project grant timing arrangement. They include the following:

1. Furthering the readiness for revenue sharing through assistance to States in (a) planning financial systems for elementary and secondary education which are based on providing more equitable support and more equitable allocation of the available resources and (b) the development of evaluation and reporting systems for determining the educational outputs of State and local systems as discussed in the paragraphs which follow.

2. Enabling over half the States to (a) develop criteria for establishing equity in the distribution of resources for education, (b) develop methods of analyzing educational need, (c) compare possibilities of establishing new revenue bases for education, and (d) determine a practical method of relating educational results to costs.

3. Facilitating the beginning of efforts to build a management-by-objectives system for each State education agency.

4. Providing training for State agency planners and evaluators and offering the opportunity to add personnel prepared to carry out planning and evaluation activities.

Fiscal Year 1974:

This activity is being terminated in 1974 since with the funds being made available under Special Education Revenue Sharing the State and local educational agencies will have their own resources to carry on such planning and evaluation.

	1973 Estimate	1974 Estimate	Increase or Decrease
Bilingual Education			
Noncompeting continuation grants......................	$35,080,000	$24,500,000	$-10,580,000
New grants	---	10,500,000	+10,500,000
Total.....................	35,080,000	35,000,000	-80,000

Narrative

Purpose and Scope:

The Bilingual Education Program, authorized by Title VII of the Elementary and Secondary Education Act (ESEA), is a discretionary grant program which provides funds to local educational agencies for projects designed to meet the special needs of children who come from environments where the dominant language is other than English and who come from low income families. There are approximately 5,000,000 children in the United States who need to be instructed bilingually. The authorization for this program expires June 30, 1973 but legislation extending the authorization is being submitted.

Accomplishments in fiscal years 1972-1973:

	FY 1972	FY 1973	FY 1974
Total number of pupils served...	106,000	111,000	143,000
Average per pupil expenditure...	$ 298	$ 279	$ 219
Number of projects.............	217	217	211

In addition to having increased the availability of services to more pupils, specific accomplishments have included: changing attitudes of parents, community people, district school officials, and students toward bilingual education; instigating expansion of university teacher training efforts to include curriculum and experience in the area of bilingual education; and significantly developing, testing, refining, and utilizing materials and testing instruments for specific language groups. Six key efforts in this last area are as follows:

1. The Multilingual Assessment Project (Stockton, California) personnel have developed a process for assessing children's developmental levels using Piaget's theories, working across age groups, and taking into account social, economic status and culturally relevant factors. In addition, they have prepared manuals and video-taped materials which demonstrate how teaching strategies may be modified to fit the unique learning styles of children from different ethnic backgrounds.

2. KLRN-TV, in cooperation with the Region XIII Education Service Center in Austin, Texas has developed a bilingual educational television program for Mexican-American children in grades K through 2, which was selected by the Public Broadcasting System for Nationwide viewing, beginning October, 1972.

3. Berkeley, California is in the process of developing a bilingual children's television program for all preschool through age seven level Spanish-speaking children in the Nation.

4. The Spanish Curricula Development Center, Dade County, Florida, is developing an interdisciplinary core curricula for all Spanish-speaking children in grades 1-3. First grade materials have been produced in four editions for four groups: multi-ethnic Spanish-speaking, Mexican-American, Puerto Rican and Cuban. All editions are supplemented with materials from four regional centers established for the purpose of assuring a high degree of cultural relevance.

5. The Material Acquisition Project at San Diego is working with 384 teachers in projects in 15 States to test the 17,000 instructional items acquired in Spanish-speaking countries. A list of materials in Spanish and Portuguese which correspond to English textbooks will be made available to schools as supplementary materials and to facilitate the selection of classroom materials.

6. The Dissemination Center for Bilingual/Bicultural Education, located in Austin, Texas, obtains and reviews all project-developed materials under ESEA, Title VII, for possible duplication and national distribution. A monthly annotated bibliography is published of all materials which may be obtained either from the Center or from commercial publishers. Materials to be disseminated by the Center are selected on the basis of priority need, as well as quality of available project-produced materials.

In Fiscal Year 1973, an effort is being made to accelerate the replication and installation of bilingual education instruction as a part of the regular school program. However, no new projects will be started. Through the Dissemination Center for Bilingual Education located in Austin, Texas, emphasis will be on dissemination of project-developed materials and successful practices in bilingual education to coincide with the purpose stated above. All the $35,080,000 will be used for the continuation of current projects at least up to our five-year commitment.

Specifically in fiscal year 1973:

1. The number of students participating in Title VII programs were increased from 106,000 to 111,000 as part of the vertical expansion permitted every year projects are in operation;

2. The effective elements of 72 Title VII programs that have been in operation for three years or more are being identified, reviewed and disseminated;

3. The Division of Bilingual Education is working cooperatively with State Departments of Education in the development of State-wide strategies for bilingual programs;

4. In addition, an intensive review of bilingual/bicultural learning theories in their various applications in ongoing projects is being undertaken to yield a series of tested models of bilingual/bicultural education.

Request for fiscal year 1974:

1. To continue to support the refinement and expansion to another grade of 147 ongoing projects for a cost of approximately $24.5 million; 1/

2. To use approximately $10.5 million for funding of approximately 64 new projects;

3. To continue to provide programmatic technical assistance to the Bilingual Children's Television Program;

4. To increase the participation of local school districts in need of bilingual/bicultural programs by increasing the pre-application technical assistance provided to them;

5. To improve the ability of States to provide leadership and technical assistance to local districts by increasing the technical assistance to them;

1/ In fiscal year 1974, 70 projects initially funded in fiscal year 1969 will not be supported with Title VII funds, but are expected to be continued by the local education agencies.

6. To disseminate Title VII-developed materials by continuing the support of Bilingual Education Dissemination Center which will gather and distribute appropriate materials; and

7. To improve Title VII project management by implementing recommendations obtained from the process evaluation conducted in fiscal year 1973.

The program calls for "planned variations" in teaching approaches. Observational data indicate that the Follow Through projects are being implemented as planned. Communities have demonstrated signs of positive acceptance and regard for Follow Through projects. Follow Through parents show a higher degree of involvement in school and community affairs than do non-Follow Through parents. In addition, Follow Through teachers indicate satisfaction with the methods offered by Follow Through.

Both cognitive and noncognitive data are collected on the children in the program. A preliminary analysis of data from the Metropolitan achievement Tests indicates that the highly structured approaches which place first priority on academic achievement are showing the greatest effects.

Another funded activity of Follow Through is its Supplementary Training Program. This is a college-oriented program that enables low-income paraprofessionals employed in local Follow Through projects to enroll in college courses leading to a two-year or four-year academic degree in job related areas. From July 1, 1971 through August 31, 1972 there were 1,053 enrollees in this training activity.

Plans for fiscal year 1974:

The Follow Through plans for fiscal year 1974 are as follows:

1. To begin phasing out the program one grade level each year beginning with the entry level (K or 1) in fiscal year 1974 so that only those children continuing the program (in grades above the entry level) will be funded from the fiscal year 1974 appropriation.

   The rationale for this policy is that once Follow-Through's basic purpose as an experimental program has been achieved, it should be phased out. What is learned from the Follow-Through program will be used to improve education for disadvantaged children through larger service programs such as Special Education Revenue Sharing.

2. To continue reducing the cost of local Follow Through projects. The objective is to reduce the average per student cost in these projects to the maximum level of $600.

3. To continue the national longitudinal evaluation study of the impact of Follow Through approaches upon students, parents, and institutions.

	1974 Estimate	1974 Estimate	Increase or Decrease
Equipment and Minor Remodeling..........	$1,500,000	---	$-1,500,000

Narrative

Purpose and Scope:

The purpose of this program under Title III of the National Defense Education Act is to strengthen instruction in twelve academic subjects through the acquisition of equipment and materials and through minor remodeling. Matching grants are allocated annually to State education agencies on a formula based on the number of school-age children in the State and the wealth in the State per school-age child.

In order to qualify for a grant, a State must submit through its State educational agency a State plan. Federal funds provide support up to 50 percent of the total costs of eligible projects and State administration costs. Federal funds are limited to public elementary and secondary schools, and materials must be other than textbooks and supplies consumed through use. Loans are made to private nonprofit schools for the same purposes.

Accomplishments, 1972-1973:

The $50,000,000 available for obligation in fiscal year 1972 provided support to approximately 16,000 local school agencies for acquisition of equipment and to State education agencies for administration of the State plan. Continued emphasis was placed by local educational agencies on cooperative efforts with the Elementary and Secondary Education Act, Title II program for special projects to support right-to-read efforts and the utilization of technology to improve instruction through computer assisted instructions and individually prescribed instruction projects.

In fiscal year 1973, the Administration requested some $1,500,000 to fund the costs of State administrative people operating this program but requested no funds for acquisition of equipment and minor remodeling.

Fiscal Year 1974:

This program is being terminated in fiscal year 1974. When this program was first authorized in 1958, there did not exist any other substantial Federal aid to elementary and secondary education. Today educational equipment can be purchased by school officials under a number of broader purpose educational authorities which provide assistance for the disadvantaged, the handicapped, and vocational education under Special Education Revenue Sharing.

Program Purpose and Accomplishments

Activity: Educationally Deprived Children (ESEA I)

	1974	
1973	Authorization	Budget Estimate
$1,585,185,000	$5,097,023,228[1]	-0-

[1] Authorization expires June 30, 1973; legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Purpose: Grants are made to States and to local school districts to expand services for children from low-income families; for handicapped children, dependent and neglected children, and orphans and juvenile delinquents. These funds are used to supplement existing State and local education outlays.

Special incentive grants are also made to States and special grants for urban and rural schools serving areas with the highest concentrations of children from low-income families are made to local school districts.

Explanation: The basic Title I grant entitlement to local school districts is computed on a county basis by multiplying the number of eligible children by one-half the State or National per pupil expenditure, whichever is higher. This entitlement is then prorated down to the funds available and grants are made through the State.

Accomplishments in 1973: Approximately 6.1 million children in over 14,000 school districts are participating in this program.

Objectives for 1974: Under legislation to be proposed by the Administration, Federal support for compensatory education will be continued as part of Special Education Revenue Sharing.

Activity: Supplementary Services (ESEA III)

	1974	
1973	Authorization	Budget Estimate
$146,393,000	$623,150,000 1/	-0-

1/ Authorization expires June 30, 1973; legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Purpose: Grants are made to States and local education agencies to support supplementary educational centers and services including programs for guidance counseling and testing.

Explanation: Grants are allocated to the States on a formula basis with 85% of the grant to the State plan and 15% reserved to the Commissioner of Education for grants to local education agencies.

Accomplishments in 1973: Approximately 11 million children were aided by this program.

Objectives for 1974: Under legislation to be proposed by the Administration, Federal support for support services will be continued as part of Special Education Revenue Sharing.

Activity: Strengthening State Departments of Education
(ESEA, Title V, Part A)

	1974	
1973	Authorization	Budget Estimate
$33,000,000	$90,000,000 1/	-0-

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, Section 413 (c).

Purpose: Provides grants to State educational agencies to strengthen leadership resources and reinforce their ability to identify and to meet the needs of elementary and secondary education. Grants are also made to State and to local educational agencies in order to assist and stimulate them in comprehensive educational planning.

Explanation: Funds are provided on a formula basis to State educational agencies upon submission and approval of a plan. Five percent of the funds under Part A are reserved for special projects which deal with the solution of problems common to all the States.

Accomplishments in 1973: Assistance was provided to 56 State and territorial educational agencies.

Objectives for 1974: Federal support is being terminated. Special education revenue sharing will increase the capacity of States to administer education programs.

Activity: Strengthening State Departments of Education
(General Education Provision Act, Section 411)

	1974	
1973	Authorization	Budget Estimate
$5,000,000	$25,000,000	-0-

Purpose: Section 411 of the General Education Provision Act authorizes the appropriation of such funds as may be necessary to be available to the Secretary for (1) planning programs and projects, and (2) evaluation of programs and projects for any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute.

Explanation: Funds are provided in a flat grant basis to State Education Agencies upon submission of an application. Each State Education Agency was granted $96,000 with lesser amounts provided to outlying territories.

Accomplishments in 1973: With the limited resources provided under grants made from this program, the State educational agencies have increased the development and implementation of statewide planning and evaluation activities, including leadership and services.

Objective for 1974: Federal support is being terminated. Special education revenue sharing will increase the capacity of States to administer education programs.

Activity: Bilingual Education (ESEA VII)

	1974	
1973	Authorization	Budget Estimate
$35,08[illegible],000	$135,000,000 1/	$35,000,000

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, Section 413(c).

Purpose: Bilingual Education is a discretionary grant program which provides funds to local educational agencies in support of projects designed to meet the special needs of children who come from environments where the dominant language is other than English and who come from low-income families.

Explanation: Applications are accepted from local educational agencies or from institutions of higher education applying jointly with a local educational agency. Such applicants must notify the State educational agency of their application and, to be approved, must meet the criteria set up by legislation.

Accomplishment in 1973: During this fiscal year 217 projects were funded which benefitted approximately 111,000 children.

Objectives for 1974: Estimate provides $25 million for the continuation and expansion of 147 ongoing projects and $10 million for the funding of approximately 64 new projects.

Activity: Follow Through (Economic Opportunity Act of 1964,
Section 222(a)(2))

	1974	
1973	Authorization	Budget Estimate
$57,700,000	$70,000,000	$41,000,000

Purpose: An experimental compensatory education program to develop and test new ways to educate disadvantaged children in the early primary grades.

Explanation: Local school districts applying to participate in this program are assisted in implementing the educational approach they choose by a program sponsor--usually the institution which has developed the approach. Cooperating school districts are also required to match a portion of the Follow Through funds they receive.

Accomplishments in 1973: Funds were provided through 155 continuing grants, for 173 Follow Through projects, providing services to approximately 84,000 disadvantaged children.

Objectives for 1974: The budget begins gradual phase-out of this experimental program. Results of experimental models that have proved valuable to the education of low-income children will be available for use in other programs such as Special Education Revenue Sharing.

Activity: Equipment and Minor Remodeling (National Defense Education Act,
Title III)

	1974	
1973	Authorization	Budget Estimate
$1,500,000	$140,500,000	-0-

Purpose: Grants and loans are made for the acquisition of instructional equipment and materials, including minor remodeling necessary for the installation and use of such equipment to improve teaching in critical subjects in elementary and secondary schools.

Explanation: Grants are made to States for acquisition of equipment on a matching basis according to a formula prescribed by law. Grants are also made to States to cover the costs of administering this program. Loans are made to private nonprofit schools to also acquire equipment.

Accomplishments in 1973: No funds are requested for grants to States for the purchase of equipment. An amount of $1.5 million is requested to continue State administrative staffs during the phase-out period.

Objectives for 1974: This program is being terminated completely in 1974. Federal support for the purchase of equipment and instructional materials will be available, at the discretion of State and local officials, under the broader purpose authority of Special Education Revenue Sharing.

Elementary and Secondary Education

Title I-A, Educationally Deprived Children

State or Outlying Area	1972 Actual	1973 Estimate[1/]	1974 Estimate[2/]
TOTAL	$1,565,237,842	$1,548,719,975	$ -0-
Alabama	42,102,840	36,870,944	---
Alaska	2,282,421	3,555,831	---
Arizona	11,201,301	10,646,258	---
Arkansas	26,234,762	23,237,575	---
California	135,233,658	125,696,387	---
Colorado	12,843,239	12,889,379	---
Connecticut	13,939,862	14,012,968	---
Delaware	3,326,649	3,354,193	---
Florida	37,844,005	35,414,581	---
Georgia	41,681,953	43,322,261	---
Hawaii	3,638,800	4,162,833	---
Idaho	3,847,638	3,809,280	---
Illinois	68,662,736	76,324,460	---
Indiana	20,033,605	22,026,713	---
Iowa	16,581,183	15,883,264	---
Kansas	12,105,441	11,018,347	---
Kentucky	38,084,197	33,862,731	---
Louisiana	37,176,643	34,681,789	---
Maine	6,378,608	6,536,987	---
Maryland	21,240,945	22,300,231	---
Massachusetts	27,121,119	28,769,874	---
Michigan	55,196,289	61,337,694	---
Minnesota	22,935,624	23,039,546	---
Mississippi	43,902,008	38,381,290	---
Missouri	28,205,258	26,278,476	---
Montana	4,217,141	4,054,344	---
Nebraska	8,338,394	8,121,997	---
Nevada	1,273,829	1,307,882	---
New Hampshire	2,393,571	2,555,133	---
New Jersey	51,140,973	51,122,618	---
New Mexico	11,025,814	8,843,837	---
New York	207,038,955	214,937,068	---
North Carolina	60,833,468	57,023,877	---
North Dakota	5,417,079	5,163,523	---
Ohio	44,587,151	49,500,133	---
Oklahoma	19,820,401	18,711,558	---
Oregon	12,267,090	11,381,341	---
Pennsylvania	73,924,786	72,479,749	---
Rhode Island	5,845,803	5,586,681	---
South Carolina	36,356,564	32,755,045	---

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
South Dakota	$ 6,682,567	$ 6,101,152	$ ---
Tennessee	38,262,508	33,908,383	---
Texas	90,093,691	88,421,328	---
Utah	4,379,775	4,733,894	---
Vermont	2,620,838	2,897,016	---
Virginia	36,127,339	34,872,305	---
Washington	15,952,758	16,868,951	---
West Virginia	21,493,525	18,626,657	---
Wisconsin	19,327,021	20,415,542	---
Wyoming	1,810,025	1,695,472	---
District of Columbia	9,285,465	11,606,404	---
American Samoa	358,046	356,987	---
Guam	970,721	942,157	---
Puerto Rico	27,481,227	29,244,989	---
Trust Territories	1,074,404	597,415	---
Virgin Islands	559,129	1,088,077	---
Dept. of Interior, BIA	12,477,000	15,384,563	---

[1] Total of all Part A, Program grants. State agency grants reduced to fiscal year 1972 aggregate amount and county LEA grants reduced without a floor provision. Parts B and C are not shown since the State distribution for these Parts has not yet been determined. The figure includes the full amount assigned to each State for education of migratory children from the national total of $58,379,906, although $725,000 of this total is to be set aside for operation of the record transfer system.

[2] Funds previously carried under this appropriation are shown in 1974 under proposed legislation, Special Education Revenue Sharing.

Elementary and Secondary Education

Title III, Supplementary Educational Services

State or Outlying Area	1972 Actual	1973 Estimate[1/]	1974 Estimate[2/]
TOTAL	$ 145,836,938	$ 146,168,000	-0-
Alabama	2,508,858	2,449,468	---
Alaska	539,610	539,162	---
Arizona	1,415,186	1,425,868	---
Arkansas	1,539,539	1,483,609	---
California	12,513,028	12,658,630	---
Colorado	1,623,996	1,670,727	---
Connecticut	2,087,864	2,119,208	---
Delaware	677,311	681,038	---
Florida	4,198,174	4,337,343	---
Georgia	3,236,329	3,168,026	---
Hawaii	829,122	809,352	---
Idaho	794,149	787,531	---
Illinois	7,188,477	7,241,045	---
Indiana	3,512,220	3,558,086	---
Iowa	2,040,799	2,028,533	---
Kansas	1,733,252	1,664,413	---
Kentucky	2,293,271	2,268,435	---
Louisiana	2,714,843	2,643,651	---
Maine	928,497	938,488	---
Maryland	2,641,007	2,729,392	---
Massachusetts	3,605,664	3,740,901	---
Michigan	5,968,863	6,026,892	---
Minnesota	2,657,851	2,707,542	---
Mississippi	1,822,205	1,726,634	---
Missouri	3,159,124	3,145,843	---
Montana	776,115	778,266	---
Nebraska	1,220,868	1,228,975	---
Nevada	629,593	638,079	---
New Hampshire	771,938	782,786	---
New Jersey	4,662,810	4,687,548	---
New Mexico	1,013,903	1,002,483	---
New York	11,386,728	11,317,078	---
North Carolina	3,536,034	3,445,821	---
North Dakota	734,666	731,658	---
Ohio	7,101,900	7,043,933	---
Oklahoma	1,839,415	1,833,574	---
Oregon	1,548,998	1,574,962	---
Pennsylvania	7,487,161	7,533,983	---
Rhode Island	870,911	885,352	---
South Carolina	2,011,043	1,933,957	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 760,750	$ 759,238	---
Tennessee	2,733,901	2,685,525	---
Texas	7,639,855	7,439,734	---
Utah	1,023,941	1,018,081	---
Vermont	608,797	614,621	---
Virginia	3,188,394	3,155,554	---
Washington	2,351,658	2,373,199	---
West Virginia	1,400,437	1,368,140	---
Wisconsin	2,971,437	3,087,703	---
Wyoming	550,642	552,486	---
District of Columbia	807,169	760,407	---
American Samoa	189,597	188,128	---
Guam	254,023	262,424	---
Puerto Rico	3,151,235	3,144,654	---
Trust Territories	280,555	282,758	---
Virgin Islands	209,835	210,427	---
BIA	302,195	296,649	---
Adjustment	-408,705	—	---

1/ Estimated distribution of $146,393,000 with $225,000 reserved for Advisory Council and distribution of $146,168,000 as per memorandum from the Office of the General Counsel. 3% of $146,168,000 reserved for the outlying areas.

2/ Funds previously carried under this appropriation are shown in 1974 under proposed legislation, Special Education Revenue Sharing.

Elementary and Secondary Education

Title V-A, Strengthening State Departments of Education

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 31,281,702	$31,350,000	-0-
Alabama	574,835	564,318	---
Alaska	272,009	273,028	---
Arizona	409,900	417,468	---
Arkansas	426,890	427,024	---
California	2,098,831	2,101,559	---
Colorado	458,433	461,857	---
Connecticut	502,162	506,892	---
Delaware	293,686	294,272	---
Florida	809,956	814,377	---
Georgia	689,973	682,260	---
Hawaii	313,072	313,506	---
Idaho	313,648	314,185	---
Illinois	1,180,269	1,187,340	---
Indiana	735,463	735,492	---
Iowa	507,818	506,048	---
Kansas	450,383	446,696	---
Kentucky	525,328	528,979	---
Louisiana	585,959	579,240	---
Maine	338,013	339,218	---
Maryland	601,401	608,908	---
Massachusetts	704,678	709,893	---
Michigan	1,116,121	1,116,687	---
Minnesota	610,264	610,754	---
Mississippi	473,428	455,566	---
Missouri	676,281	658,396	---
Montana	311,592	311,928	---
Nebraska	374,712	373,128	---
Nevada	290,935	292,185	---
New Hampshire	302,461	304,717	---
New Jersey	828,658	836,104	---
New Mexico	352,607	353,957	---
New York	1,660,694	1,637,261	---
North Carolina	720,045	719,721	---
North Dakota	300,681	300,001	---
Ohio	1,220,401	1,215,052	---
Oklahoma	488,416	492,736	---
Oregon	434,490	433,532	---
Pennsylvania	1,177,434	1,187,928	---
Rhode Island	313,815	316,497	---
South Carolina	502,885	497,091	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
South Dakota	$ 308,322	$ 307,749	---
Tennessee	601,172	602,342	---
Texas	1,354,060	1,381,408	---
Utah	363,157	363,045	---
Vermont	281,355	282,379	---
Virginia	676,063	674,169	---
Washington	572,509	569,340	---
West Virginia	403,150	401,407	---
Wisconsin	636,994	640,028	---
Wyoming	275,893	275,856	---
District of Columbia	301,195	299,476	---
American Samoa	73,280	70,000	---
Guam	76,145	79,251	---
Puerto Rico	321,194	326,642	---
Virgin Islands	73,428	70,000	---
Trust Territory	80,131	81,107	---
Adjustment	-64,971		

1/ Distribution of $33,000,000 with 5 percent ($1,650,000) reserved for special projects, 2 percent ($627,000) of the balance reserved for the outlying areas, and the balance distributed with 40 percent in equal amounts and 60 percent distributed on the basis of the total public school elementary and secondary enrollment, Fall 1970.

2/ This program is terminated in 1974.

Elementary and Secondary Education

Section 411, General Education Provisions Act 1/

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ -0-	$ 5,000,000	$ -0-
Alabama	---	96,000	---
Alaska	---	96,000	---
Arizona	---	96,000	---
Arkansas	---	96,000	---
California	---	96,000	---
Colorado	---	96,000	---
Connecticut	---	96,000	---
Delaware	---	96,000	---
Florida	---	96,000	---
Georgia	---	96,000	---
Hawaii	---	96,000	---
Idaho	---	96,000	---
Illinois	---	96,000	---
Indiana	---	96,000	---
Iowa	---	96,000	---
Kansas	---	96,000	---
Kentucky	---	96,000	---
Louisiana	---	96,000	---
Maine	---	96,000	---
Maryland	---	96,000	---
Massachusetts	---	96,000	---
Michigan	---	96,000	---
Minnesota	---	96,000	---
Mississippi	---	96,000	---
Missouri	---	96,000	---
Montana	---	96,000	---
Nebraska	---	96,000	---
Nevada	---	96,000	---
New Hampshire	---	96,000	---
New Jersey	---	96,000	---
New Mexico	---	96,000	---
New York	---	96,000	---
North Carolina	---	96,000	---
North Dakota	---	96,000	---
Ohio	---	96,000	---
Oklahoma	---	96,000	---
Oregon	---	96,000	---
Pennsylvania	---	96,000	---
Rhode Island	---	96,000	---
South Carolina	---	96,000	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	---	96,000	---
Tennessee	---	96,000	---
Texas	---	96,000	---
Utah	---	96,000	---
Vermont	---	96,000	---
Virginia	---	96,000	---
Washington	---	96,000	---
West Virginia	---	96,000	---
Wisconsin	---	96,000	---
Wyoming	---	96,000	---
District of Columbia	---	67,000	---
American Samoa	---	16,500	---
Guam	---	16,500	---
Puerto Rico	---	67,000	---
Trust Territories	---	16,500	---
Virgin Islands	---	16,500	---

1/ This activity was funded in 1971 and in 1973.

Elementary and Secondary Education

Title III, National Defense Education Act
Grants to States for Equipment and Minor Remodeling

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 47,749,000	---	-0-
Alabama	1,136,469	---	---
Alaska	81,230	---	---
Arizona	519,385	---	---
Arkansas	612,603	---	---
California	3,606,735	---	---
Colorado	542,606	---	---
Connecticut	464,475	---	---
Delaware	121,765	---	---
Florida	1,478,113	---	---
Georgia	1,371,146	---	---
Hawaii	206,984	---	---
Idaho	227,865	---	---
Illinois	2,033,514	---	---
Indiana	1,235,962	---	---
Iowa	679,824	---	---
Kansas	569,563	---	---
Kentucky	943,379	---	---
Louisiana	1,241,731	---	---
Maine	265,167	---	---
Maryland	836,034	---	---
Massachusetts	979,895	---	---
Michigan	2,127,321	---	---
Minnesota	993,140	---	---
Mississippi	807,522	---	---
Missouri	1,075,448	---	---
Montana	207,290	---	---
Nebraska	360,036	---	---
Nevada	93,713	---	---
New Hampshire	167,313	---	---
New Jersey	1,215,916	---	---
New Mexico	378,822	---	---
New York	2,669,929	---	---
North Carolina	1,518,683	---	---
North Dakota	197,593	---	---
Ohio	2,558,443	---	---
Oklahoma	642,148	---	---
Oregon	464,377	---	---
Pennsylvania	2,430,040	---	---
Rhode Island	169,701	---	---
South Carolina	900,151	---	---

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 205,944	---	---
Tennessee	1,129,203	---	---
Texas	3,244,678	---	---
Utah	369,409	---	---
Vermont	113,326	---	---
Virginia	1,210,496	---	---
Washington	716,559	---	---
West Virginia	509,873	---	---
Wisconsin	1,072,445	---	---
Wyoming	92,455	---	---
District of Columbia	116,954	---	---
American Samoa	50,000	---	---
Guam	50,000	---	---
Puerto Rico	585,625	---	---
Trust Territory	50,000	---	---
Virgin Islands	50,000	---	---
BIA	50,000	---	---

Elementary and Secondary Education

Title III, National Defense Education Act
State Administration of Grants for Equipment and Minor Remodeling

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 1,999,968	$1,500,000	-0-
Alabama	33,703	25,278	---
Alaska	13,333	9,999	---
Arizona	17,221	12,916	---
Arkansas	18,419	13,815	---
California	175,946	131,960	---
Colorado	20,109	15,083	---
Connecticut	26,519	19,890	---
Delaware	13,333	9,999	---
Florida	56,136	42,102	---
Georgia	44,377	33,307	---
Hawaii	13,333	9,999	---
Idaho	13,333	9,999	---
Illinois	100,264	75,198	---
Indiana	48,142	36,107	---
Iowa	26,237	19,678	---
Kansas	21,483	16,113	---
Kentucky	30,040	22,530	---
Louisiana	37,788	28,341	---
Maine	13,333	9,999	---
Maryland	35,464	26,598	---
Massachusetts	47,755	35,817	---
Michigan	85,402	64,052	---
Minnesota	36,309	27,232	---
Mississippi	23,948	17,961	---
Missouri	41,873	31,405	---
Montana	13,333	9,999	---
Nebraska	13,629	10,223	---
Nevada	13,333	9,999	---
New Hampshire	13,333	9,999	---
New Jersey	62,475	46,857	---
New Mexico	13,333	9,999	---
New York	154,533	115,899	---
North Carolina	48,212	36,159	---
North Dakota	13,333	9,999	---
Ohio	100,545	75,409	---
Oklahoma	22,539	16,905	---
Oregon	18,243	13,683	---
Pennsylvania	101,813	76,359	---
Rhode Island	13,333	9,999	
South Carolina	26,695	20,022	---

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 13,333	$ 9,999	---
Tennessee	36,027	27,021	---
Texas	109,737	82,302	---
Utah	13,333	9,999	---
Vermont	13,333	9,999	---
Virginia	42,930	32,198	---
Washington	30,639	22,980	---
West Virginia	15,953	11,964	---
Wisconsin	40,535	30,402	---
Wyoming	13,333	9,999	---
District of Columbia	13,333	9,999	---
American Samoa	4,000	3,000	---
Guam	4,000	3,000	---
Puerto Rico	19,000	14,250	---
Trust Territory	4,000	3,000	---
Virgin Islands	4,000	3,000	---

1/ Allotments to the States are three-fourths of the fiscal year 1972 appropriation. Funds allotted in fiscal year 1972 were based on the latest school-age population data according to specific formula provisions of Section 302(a) of the National Defense Education Act, as amended. Allotments to outlying areas of the United States are determined by the Commissioner of Education under Section 1008 of NDEA as amended.

SUBCOMMITTEE RECESS

Senator HOLLINGS. We will stand in recess and resume tomorrow at 10 a.m. in room 1223 with: (1) Impacted Aid; (2) Emergency School Assistance; and (3) Education of the Handicapped.

Mr. MATTHEIS. Thank you very much.

[Whereupon, at 4:35 p.m., Wednesday, May 16, 1973, the subcommittee was recessed, to reconvene at 10 a.m. on Thursday, May 17.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

THURSDAY, MAY 17, 1973

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, D.C.

The subcommittee met at 10:25 a.m. in room S–128, the Capitol, Hon. Ted Stevens, presiding.

Present: Senator Stevens.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

STATEMENT OF DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

ACCOMPANIED BY:

- **DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE**
- **DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS**
- **THOMAS BURNS, DEPUTY ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION**
- **GERALD M. CHERRY, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS**
- **JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS**
- **JOE G. KEEN, BUDGET OFFICER**
- **THOMAS McNAMARA, BUDGET ANALYST**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

INTRODUCTION OF ASSOCIATES

Senator Stevens. The subcommittee will come to order.

This morning we will resume hearings on the fiscal year 1974 budget request for the Office of Education with Mr. Duane Mattheis here to present the budget for one of the most controversial programs in HEW, and I say it advisedly, impacted aid.

Would you please introduce your associates and then proceed with your statement.

Mr. MATTHEIS. Thank you very much, Mr. Chairman. I will be pleased to do so.

Sitting at my immediate right is Mr. Gerald Cherry, Director of the Division of School Assistance in Federally Affected Areas. Next to him is Mr. Thomas Burns. Next is Commissioner of Education, Dr. John Ottina, and to his right is my associate in School Systems, Mr. John Rodriguez. Over on my left is Mr. Charles Miller, Deputy Assistant Secretary, Budget, as well as other budget people in the rear row.

If I may, Mr. Chairman, I would like to present my statement and then respond to questions you might have for the record.

We are requesting $60.5 million to be appropriated in 1974 for schools in areas affected by Federal activities. This compares with a comparable figure of $57,410,000 in 1973.

MAINTENANCE AND OPERATIONS ASSISTANCE

The amount of $41,500,000 is requested to fund entitlements under section 6 of Public Law 81–874. Entitlements under section 6 provide the full cost of educating children who reside on Federal property in States where, due to State law or for other reasons, local school districts are unable to provide suitable free public education for such children. Schools operated under section 6 cannot be terminated until the Commissioner of Education and the Secretary of the Federal department concerned jointly determine, after consultation with the appropriate State education agency, that a local education agency is able to provide suitable free public education for the children attending such schools. Under section 6, there will be 29 projects serving 50,000 pupils in 1974. In 1974 funds for 3a students, those whose parents live on Federal property, will be requested under Special Education Revenue Sharing, the Better Schools Act of 1973. In the case of 3b students, those whose parents work on Federal property, the Federal Government will be terminating support.

Senator STEVENS. Let me see if I understand what you said.

Now, concerning the $41.5 million that you say is requested, is that also in the special revenue sharing?

Mr. MATTHEIS. No, sir. The $41.5 million is for section 6 which is outside of the Revenue Sharing Better Schools Act.

Unlike the 3a students where there is little if any local tax base, the 3b student's parents are in the community tax base through either their place of employment or their place of residence. In many cases the income of the 3b student's parents may stimulate increases in economic activity and taxable wealth that combined with the taxes paid on residences or on places of employment, will offset the education cost.

ASSISTANCE FOR CONSTRUCTION

In addition, $19 million has been requested under Public Law 81–815 to provide financial assistance to local school districts for the construction of school facilities in areas where enrollments are increased by Federal activities. These funds will be used to fund sections 5 and 14. The 65 percent or $12,350,000 of the Public Law 81–815 budget are requested for section 5 which provides assistance to local school districts for the construction of school facilities in areas where Federal activities have resulted in increased enrollments of children of parents who work on or reside on Federal property or who represent an increase in Federal activity either directly or through a contractor. The budget for 1973 contained funds, for the first time since 1967, for school districts eligible under section 5. Many children in these districts are on double shifts or are attending school in makeshift arrangements, such as church basements, due to the lack of school facilities. In a number of cases, the non-Federal local people have already raised their fair share of the cost of constructing new facilities. Further, new construction cannot be started until the Federal Government provides its share.

The remaining 35 percent or $6,650,000 will be used under section 14 to aid school construction for children residing on Indian land. This 1974 budget request for section 14 represents a $3 million increase over the 1973 request for much needed funds for Indian school construction.

Thank you, Mr. Chairman. My associates and I will be happy to answer any questions you may have.

ALTERNATIVE APPROACHES TO SAFA FUNDING

Senator **Stevens**. I am sure that you know if the table were filled on my side of the aisle, we would all have serious questions about this recommendation. I remember the days during the Eisenhower administration when President Eisenhower made a similar request, but he also included a request for, and in lieu of tax concept which would provide revenue to the local school districts through contributions from the Federal activities. This was because of the properties that were freed of local taxation and because they were immune from local taxation due to being within a Federal installation.

Have you explored a similar recommendation to make up this deficit that is going to be created in these school districts?

Mr. **Mattheis**. This has been the practice, but we are recommending the discontinuation of the activity as far as the Federal Government's obligation is concerned.

Senator **Stevens**. You miss my point. President Eisenhower recommended doing away with the impacted aid, but at the same time he also recommended that there would be a Federal contribution to the local tax base in lieu of tax payment for the land that was occupied by the Federal installation.

Am I correct in assuming that you do not have that in this proposal.

Mr. **Mattheis**. That is correct.

Of course, as you are well aware, Mr. Chairman, we are not recommending the discontinuation of the whole program. We are maintaining the Federal commitment for "A" students which we strongly believe, and which every other administration and study has indicated, is a Federal obligation.

Senator **Stevens**. Now, in the "A" student category alone, you went up $38 million between fiscal 1972 and fiscal 1973. I understood the amount that is included in the revenue sharing package, the education revenue sharing, cannot be greater than that for 1973 for "A" students alone. There is no acceleration for costs, inflation or other impacts. It is the same level as last year.

FUNDING UNDER BETTER SCHOOLS ACT

Dr. **Ottina.** I do not believe, Mr. Chairman, that that statement is precisely true. The formula provides that 60 percent of the State expenditures per child for education be allocated to the "A" students in that State and through the State to the local districts.

Senator **Stevens.** I believe you have impacted aid for "A" children as part of the $2,527 million revenue sharing package. That includes the educationally deprived children, impacted aid, education of the handicapped, vocational education and adult basic education.

Now, as it was given to us, that has a $220 million price tag in fiscal 1973, and it is left completely out of 1974 as far as impacted aid as a categorical program, but as I said, the increase between 1972 and 1973 in impacted aid for "A" children alone was $38 million.

Now, there is no built-in increase for that revenue sharing, as I understand it. There cannot be with these figures.

Dr. **Ottina.** Your statement in terms of the revenue sharing package, I think has to be separated from the proposal that we are talking about with impacted aid. In the Better Schools Act, the very first thing that occurs is that for the impacted aid students, the local districts are compensated before any other funds are distributed. The rate at which they are compensated is a rate which is 60 percent of whatever the State averages, so that would move as the State average would move, and other factors would increase for inflation and other such elements.

Mr. **Miller.** Mr. Chairman, even if we were to leave the "A" children on the same basis as currently and not go to the 60 percent, the prediction of entitlement is only about $5 million higher than fiscal year 1973 because even though the cost of education is going up, the number of children is tending to go down.

Senator **Stevens.** What is your projection on the basis of the 60 percent you mentioned?

What would be the dollar figure that would be projected for 1974 on the basis of this 60 percent?

Mr. **Cherry.** It is about $228 million, which is the cost of funding this category under the law in effect this fiscal year.

Senator **Stevens.** Well, where do you get the 60 percent then, Mr. Cherry, if it is $228 million?

Dr. **Ottina.** It is 100 percent of a different number. We are talking about 60 percent of the total State average. This is 100 percent.

Senator **Stevens.** Of the average State aid cost?

Mr. **Cherry.** It is a coincidence that the two figures are approximately the same because the formulas are different in both instances.

Senator **Stevens.** I see.

SAFA FUNDING IN ALASKA

I believe that today, students in the "A" category who live on Elmendorf Air Force Base, just outside of Anchorage, and attend school at the base and who have parents working on the base, are funded from the Federal Government at 100 percent of the actual cost of the average daily attendance. As I understand it, this is statewide as far as the State schools are concerned.

Dr. OTTINA. Excuse me. Would you mind repeating that because I believe that there was a word that was incorrect in your statement.

Senator STEVENS. I don't believe it matters what it costs us to run the on-base school. You take the average of the cost of running the State schools, divide by the average daily attendance, and that is your average daily expenditure per child on the base school.

Mr. CHERRY. That is correct, and keeping in mind that some of those schools operated by the Alaska State Department of Education for the unorganized territory are out in isolated areas, and some are on large military bases, it is the average cost—all those funds are considered to be local funds, so in effect, we do pay that cost. It is based on what the cost was 2 years prior.

Senator STEVENS. I would like to know where the 60 percent comes in under your revenue sharing concept?

Mr. CHERRY. Under the revenue sharing concept, the Alaska aid would then be paid at 60 percent of the State average per pupil cost.

Senator STEVENS. So even under the revenue sharing package on "A" students alone, my State will lose 40 percent of its current support for on-base students.

Mr. CHERRY. It could be that much.

The State average per pupil cost for all pupils is some figure different from just the average for the base school.

Senator STEVENS. Then you are taking 60 percent of the actual cost of the on-base schools, but not the total cost of the statewide system.

Mr. CHERRY. Next year we will take 60 percent of the cost of all the schools in Alaska, and that would be the amount paid for the on-base schools "A" category pupils and of all other "A" pupils.

Mr. BURNS. Mr. Chairman, it will be 10 percent higher than the State average per pupil expenditure.

Senator STEVENS. That is what I have been asking, whether you are going to pay us 100 percent of the average or 60 percent of the average, or whether you have a new way of computing the cost?

Dr. OTTINA. Mr. Chairman, I think part of the problem is that Alaska has a peculiar element that is not true of other places, and that is why we are having difficulty communicating with you.

[General laughter.]

Senator STEVENS. Mr. Ottina, just say what is different.

[General laughter.]

Senator STEVENS. I am quite familiar with this because you have another factor involved, that being that you do not pay it until 2 years later. We fund it for 2 years and carry the interest for 2 years. You actually pay us on the basis of the average daily attendance 2 years earlier, but there is a great influx of pupils in that 2-year period. However, it is 2 years later before we know this and realize our return from the Federal Government.

I think you have one of the strangest proposals I have ever seen. Gentlemen, I want to be as kind as I can, but you must think we have been short of our senses, because the increase in impacted aid would have to come out of vocational education, adult basic education or from aid for educationally deprived children under title I. I say this because there is an increase in impacted aid, and it must be built into the system, that is, to the extent that there is an increase. You are using the $2,527 billion figure as opposed to $2,521 billion for this year, but we know there is a built-in increase, it must come out of these other areas.

Dr. OTTINA. I think perhaps if you look at it nationally, which is how I was trying to answer the question you raised, that there is very little difference between the formula that is in the Better Schools Act across the Nation for aids and the present operation in impacted aid formula. It turns out to be within about $5 million of each other, because in addition to the increasing costs that you were discussing, there are projected decreases in number.

NUMBER OF SAFA STUDENTS

Senator STEVENS. I would like to ask you about that now.

What are the figures?

I think the committee would like to know your projections of numbers for "A" category and for "B" category for fiscal year 1974.

Mr. CHERRY. For our budget figure, we are projecting an estimated 414,500 "A" category pupils this year. We are projecting 387,000 next year, "A" category.

Mr. MILLER. Mr. Cherry, does that take into account the recently announced defense closings or will we have to recompute?

Mr. CHERRY. That will have to be recomputed.

Then the other figure on "B" category also has to be recomputed downward. We have an estimated 1,849,000 "B" category pupils this year. We had projected prior to the base closing announcements, 1,730,000.

Senator STEVENS. I appreciate that, Mr. Cherry.

For the record, would you please submit a projection for fiscal 1974 on the basis of these closures?

I understand they are all to take place by July 1, so it may be readily available.

[The information follows:]

REVISED PROJECTIONS OF (A) AND (B) STUDENTS FOR 1974 BASED ON CLOSING OF BASES

In announcing the details of 274 specific actions to consolidate, reduce, realign or close military installations in the U.S., Secretary Richardson noted that "some 42,800 military and civilian positions will be eliminated." In reviewing the list of military installations and actions involved, it is noted that some installations will close and activities at others will increase which indicates that more positions will be relocated rather than eliminated. This type of action could result in the necessity for more classrooms in the areas where Federal activities will increase. Also, while some school districts will lose Federal pupils others will have increased Federal enrollments. Thus, the national number of Federal pupils involved in transfers as opposed to those involved in eliminations will tend to remain the same.

Of the positions to be eliminated some of the personnel involved would retire, if possible. This age group would not tend to have school-age children. Others would be without families. The total number of 42,800 positions to be eliminated might cause a decrease of 35,000 Federal pupils. Another estimate would place 2,000 in the "A" category and 33,000 in the "B" category which would result in a change in the number of "A" pupils from 387,000 to 385,000 and in the number of "B" pupils from 1,730,000 to 1,697,000 in fiscal year 1974.

In previous years elimination of even larger numbers of positions has not resulted in significant decreases in the number of Federally connected children.

EXAMPLE OF BASE CLOSINGS IN ALASKA

Senator Stevens. This does not answer the question about the effect on the school district. May I give you one case in point. Fort Wainwright, which is part of the city of Fairbanks, the north post of Fort Wainwright has been closed. It has been reduced by half, but the school will still be maintained.

The cost per pupil for that school has increased sharply. Conseqently, the need for more aid funds has increased. Because of the closure of the north post, more people live off base, so more "B" money is required.

Has this need been reflected in your estimates at all, the fact that the cost per pupil will increase? As I said, there is a 2 year lag. Payment this year is based on expenditures in fiscal 1972. Payment is not based on the level of attendance.

How is Alaska supposed to make that up? It is a State that has a 19 percent level of sustained unemployment with no pipeline and related delays, we are in a deficit situation.

The question remains, where are we going to get the money?

Do you want those children educated, do you not?

Mr. Cherry. We do want them educated.

Senator Stevens. Then where is the money coming from? Under a proposal like this, where do we get the funding, particularly since the Revenue Sharing bill may not be passed until September, if at all.

Mr. Mattheis. I think, Mr. Chairman, one of the concepts increasingly coming to the fore that does relate peripherally to this program, is an increased role for the State in the education of all children within the State. Because of problems in school financing, inequities within States, and the distribution of funds, we are looking for this proposal and a number of others, to provide for an increased role of responsibility for States with regard to education within their States.

SITUATION IN ALASKA

Senator Stevens. The Federal Government now controls over 100 million acres in Alaska, and it is asking to withdraw 80 million more for national parks, forest, wildlife refuges and wild and scenic rivers. It does not pay a dime in taxes on that land.

The land that is in Wainwright, Elmendorf, Niellson and Fort Richardson, the major bases in Alaska, there are no taxes paid to the local school districts, despite the fact that these areas are within the school districts, and the school districts must provide schools.

Now, the "A" impact funds and the "B" impact funds were in lieu of tax concepts, and I do not see how you can suggest that we do away with them completely. I keep hearing that every President since Truman has made this suggestion, but every President since Truman, before the present incumbent, whom I happen to support, has also suggested that we have it in lieu of tax payment basis based on the amount of land that has been removed from the school districts.

Now, that is not in your package, and it has been since I have been in the Congress, although it was in President Eisenhower's.

Again, where are we going to get the money to run our schools under this system?

Mr. MATTHEIS. I can only say, Mr. Chairman, that the "A" impact aid would be retained, and could be interpreted precisely under that definition that you have given.

Senator STEVENS. Perhaps I am misunderstanding. You are getting 60 percent of the actual cost of educating the on-base student.

ROLE OF THE STATE IN FUNDING

Mr. MATTHEIS. Which is the ordinary cost, or the relatively ordinary cost from local contribution for the support of education for children, with the other portion coming from State allocation of resources.

Senator STEVENS. Again, I would like to see you project this out so we can evaluate it. We saw the situation in Massachusetts and South Dakota. They were very controversial.

Let's consider an example that is not in Alaska or Washington. I would like to see you evaluate a school district thoroughly and determine exactly what happens to them with regard to funding funds that are going to that school district as a result of your change, both in the "A" impact area and the "B" impact area.

What is going to happen to that school district in terms of its funding from the Federal Government?

You say the States should assume a greater role of providing schools for the military and other children around Federal property.

That is your point of view, is it not?

Mr. MATTHEIS. That is correct. If the State formula for distribution of funds were geared more closely and equitably to the resources of the individual school districts, they would pick up this portion.

Senator STEVENS. I am sure you are all familiar with PX's, commissaries, on-base gasoline stations, on-base barber shops, theaters and the like.

Where is a local town that is supporting a school district getting the money to take on an added burden when you have not taken away any of the tax immunity areas? We cannot go in and tax. The city of Anchorage cannot go on to Elmendorf Air Force Base and tax the gasoline that is sold there, although we tax the gasoline that is sold in Anchorage. We cannot implement a sales tax in any of their other facilities.

Where are we going to get our support in the areas where they rely on the sales tax like Fairbanks, Alaska?

Mr. MATTHEIS. They would not be—in some other areas of the country.

Senator STEVENS. But the sales tax is the basic support for schools.

Mr. MATTHEIS. That is not the basic support around the country and that is where we get into difficulty. The basic support locally is the real estate tax, and it is precisely in this area nationally considered which is to be the support of part of this proposal. Real estate taxes overwhelmingly are the support for the local contributions to education, and this is the premise upon which we are basing the proposal.

Senator **STEVENS**. Well, I would suggest to you the conclusion that Congress has rejected this proposal every year since 1950. I think you can start understanding what is going to happen next year.

REFORM OF SAFA

Mr. **MILLER**. Well, could I just make this statement, Mr. Chairman?

What you say is absolutely correct, and I guess the Federal Government has been trying from any direction it can find to reform this program, and nothing has worked. Even the proposals that were made in earlier administrations for payments in lieu of taxes do not work because the Congress, as you know, finds that the "B" money is just too attractive, and the Congress simply will not accept anything that changes that situation.

Your problem is a real one—namely what happens to specific, genuinely impacted school districts. But the other problem is what do we do about the fact that millions of dollars go to school districts which are not genuinely impacted and that have a perfectly decent tax base to tax. All we can see now, since we have been unable to reform the program through legislation, is that if there is a solution it is going to have to be in the form of something like the Better Schools Act which will attempt to equitably distribute money among all the school needs of a particular State or the particular district and let the State divide it, and if they need to use some of it for impact aid, do it.

Senator **STEVENS**. Well, I do not think, except for perhaps the Senators from Maryland, that anyone is losing any sleep over the problem of Montgomery County. My children go to school out there.

Mr. **MILLER**. So do mine.

Senator **STEVENS**. I understand the great windfall they get under the current system, but it would seem that you could try to get to the windfall without cutting off the areas of need. The revenue sharing program, as we discussed it earlier when Secretary Weinberger was here, the great problem is that the House cranks a per capita concept into it. At present, the impacted aid formula does apply to the actual costs of each school district.

LOCAL CONTRIBUTION RATE

Mr. **CHERRY**. Mr. Chairman, let me add this bit of explanation. The law states that the Federal Government's share for impact aid will be what is known as "the local contribution rate, exclusive of State aid." It just so happens that in the State of Alaska, the ruling is that all the funds that go into the on-base schools operated by the State are called local funds. Therefore we pay the full per pupil cost geared to the second year previous for those children.

However, in the other States, we do not pay the full per pupil cost. We pay that amount which approximates the amount which the local school district raises from local taxes, but not less than one-half of the State per pupil cost or one-half of the national.

Now, on a broad national average we pay to school districts per "A" pupil something like between 50 and 60 percent of the total per pupil cost because that amount we pay represents the money which they pay for their own pupils from local taxes. So the reason that the two figures are similar is that the 60 percent of the State per pupil cost is on a broad average what we are paying, although in the State of Alaska we are paying 100 percent for on-base children based on the second preceeding year case data.

Senator **Stevens**. That is because the State schools are operated 100 percent with State funds. There is no local contribution.

Mr. **Cherry**. All are operated by the State.

DISASTER ASSISTANCE

Senator **Stevens**. Mr. Miller, yesterday I understand a question was asked about disaster payments to help reconstruct schools damaged by flooding in Mississippi. You said you would try to inform the committee what was going to happen with regard to a proposed budget amendment.

Have you received any clearance on that yet?

Mr. **Miller**. Yes, we did. We have a paper here that we could have inserted in the record yesterday. I do not have it in front of me.

Mr. **Mattheis**. Which states that there is going to be an administrative proposal.

Mr. **Miller**. We might want to put this in the record, Mr. Chairman. The present authorizations for major disaster assistance to local educational agencies, were initially authorized in fiscal year 1966, and expired June 30, 1973. It is our understanding that the major disaster assistance provided now will be absorbed in the administration's proposed "Major Disaster Assistance Act of 1973" which will be presented for consideration by the Congress in the near future, so presumably we will try to obtain some kind of renewal which will permit the funding of those schools.

Senator **Stevens**. We have that bill on the floor now.

Is that the one you are referring to?

Mr. **Miller**. Are you sure it is the administration's bill or is it another bill that is a congressional bill?

Senator **Stevens**. I think it is the administration's bill.

This is dated March 22. I would suggest that the question is whether the bill in front of the Senate now has sufficient authorization to take care of the problem of disaster school assistance in the Mississippi situation this year.

Mr. **Miller**. Again, I will have to check that. I presume that it will. The disaster needs is the first item paid.

Senator **Stevens**. I do not want just to presume that bill is out there now. If it is not sufficient to take care of this program, we would all want to know it.

EFFECT OF MISSISSIPPI VALLEY FLOODING

Mr. **Miller**. Yes. We will specifically address the Mississippi situation in the record.

[The information follows:]

STATEMENT OF EFFECT OF FLOODING IN THE MISSISSIPPI VALLEY AND ITS TRIBUTARIES

As of May 23, the Office of Education does not have any indication that school construction assistance will be requested under Section 16 of Public Law 81-815 (SAFA Construction) as a result of the major disasters declared in the Mississippi Valley and its tributaries. We do have a rough estimate that approximately $1,000,000 may be needed under Section 7 of Public Law 91-874 (Maintenance and Operations) for debris removal, repair or replacement of equipment, materials, and supplies, minor repairs to buildings, etc., in affected school districts.

Until more definitive data are available, the Office of Education is unable to assess whether additional funds may be necessary to provide disaster aid.

RESERVE FOR NATURAL DISASTERS

Q. Why don't you request a reserve for natural disaster assistance, and what would be an appropriate reserve for such contingencies?

The present authorizations for major disaster assistance to local educational agencies initially authorized in Fiscal Year 1966 (Public Law 81-874, section 7 and Public Law 81-815, section 16) expire June 30, 1973. The establishment of a "reserve", therefore, will not be necessary. It is our understanding that the major disaster assistance provided now will be absorbed in the Administration's proposed "Major Disaster Assistance Act of 1973", which will be presented for consideration in the near future.

Obligations for disaster assistance under Public Law 81-874 have ranged from $2.6 to $40.7 million annually or an average of about $9.2 million per year. These figures may be completely revised, if $40 to $60 million in section 7(a) claims materialize for maintaining the level of education prior to Hurricane Agnes during Fiscal Year 1973.

Obligations for assistance under Public Law 81-815 have ranged from $.6 to $11.3 million annually or an average of $3.8 million per year.

PRIORITIES FOR CONSTRUCTION

Senator **STEVENS**. In your budget justification you mentioned a backlog of construction applications totaling about $266 million. The budget before us will not take care of that.

Can you tell me what the backlog consists of?

Do you have a breakdown of the backlog?

Mr. **MATTHEIS**. To some degree. They do have priorities and the budget does indicate that we will go with those of highest priority, greatest need in the expenditures, including the specific provisions for construction of schools on Indian lands.

Senator **STEVENS**. Will you provide for the record a table showing the number and the dollar value of the projects pending under each section of Public Law 815, and what would be funded by the proposal that is before us and where the funds are in the budget?

Also, if you have priorities, we would like to see what they would be.

Mr. **MATTHEIS**. Yes. The priorities are set out very specifically, and we would supply that for the record.

[The information follows:]

Following is a summary of applications for school construction assistance under Public Law 81-815 showing applications eligible or potentially eligible as of March 1973 under: (1) sections, 5, 8, and 14(c): (2) sections 14(a) and (b), and (3) section 10. Each listing as accompanied by tabulation showing the numbers of applications by priority index, estimated entitlement and cumulative totals.

The estimated backlog in summary is:

Sections 5, 8, and 14(c) (426 applications)............	$153,317,021
Sections 14(a) and (b) (54 applications)...............	41,316,868
Section 10 (80 applications)...........................	83,736,406
Total (560 applications)........................	278,370,298

COMBINED PRIORITY LISTING SECTION 14(a) AND (b)

Priority Index	No. of Applications per		Estimated Entitlement per		[illegible]
	Interval	Cumulative	Interval	Cumulative	
100 and above....	6	6	8,202,565	8,202,565	
90-99.9..........	1	7	2,304,000	10,506,565	
80-89.9..........	-	7	-	10,506,565	
70-79.9..........	2	9	1,939,500	12,446,065	
60-69.9..........	3	12	2,175,835	14,621,900	
50-59.9..........	6	18	9,131,073	23,752,973	
40-49.9..........	4	22	2,407,630	26,160,603	
30-39.9..........	4	26	5,162,632	31,323,235	
20-29.9..........	2	28	909,712	32,232,947	
10-19.9..........	9	37	4,093,438	36,326,385	
0.1-9.9..........	2	39	1,020,817	37,347,202	
(0) Zero priority applications ranked in subpriority order					
100	-	39	-	37,347,202	
90-99.9..........	-	39	-	37,347,202	
80-89.9..........	-	39	---	37,347,202	
70-79.9..........	1	40	42,000	37,389,202	
60-69.9..........	-	40	-	37,389,202	
50-59.9..........	1	41	450,000	37,839,202	
40-49.9..........	2	43	219,506	38,058,708	
30-39.9..........	-	43	-	38,058,708	
20-29.9..........	2	45	582,556	38,641,264	
10-19.9..........	1	46	337,600	38,978,864	
0.1-9.9..........	6	52	2,011,604	40,990,468	
0................	2	54	326,400	41,316,868	
Tentatively ineligible	2	56	13,969,511	55,286,379	

COMBINED PRIORITY LISTING, SECTION 10, PUBLIC LAW 81-815

Priority Index	No. of Applications		Estimated Entitlement		Remarks
	Per Interval	Cumulative	Per Interval	Cumulative	
Group I - Repairs	-	-	-	-	
Group II - Transfer of Ownership to LEA	11	11	11,221,206	11,221,206	
Group III - Unhoused Pupil					
100 and above	-	11		11,221,206	
90-99.9	1	12	2,006,000	13,227,206	
80-89.9	1	13	4,543,197	17,770,403	
70-79.9	6	19	17,928,533	35,698,936	
60-69.9	2	21	3,187,210	38,886,146	
50-59.9	5	26	7,356,094	46,242,240	
40-49.9	3	29	5,295,000	51,537,240	
30-39.9	5	34	6,592,078	58,129,318	
20-29.9	11	45	6,977,536	65,106,554	
10-19.9	6	51	5,563,156	70,670,010	
0.1-9.9	3	54	1,260,201	71,930,211	
Group IV - Remodeling Needs "0" (Zero) Priority By FY of Application					
1967	1	55	688,900	72,619,111	
1968	1	56	523,000	73,142,111	
1969	5	61	1,742,409	74,884,520	
1970	-	61	-	74,884,520	
1971	10	71	2,255,410	77,139,930	
1972	9	80	6,596,479	83,736,409	

COMBINED PRIORITY LISTING
SECTIONS 5, AND 14(c)

March 1973

Priority Index	No. of Applications per		Estimated Entitlement per		Remarks
	Interval	Cumulative	Interval	Cumulative	
100 and above....	2	2	3,871,663	3,871,663	
90-99.9..........	1	3	461,374	4,333,037	
80-89.9..........	2	5	343,485	4,676,522	
70-79.9..........	1	6	304,140	4,980,662	
60-69.9..........	3	9	869,428	5,850,090	
50-59.9..........	4	13	2,073,859	7,923,949	
40-49.9..........	8	21	5,052,727	12,976,676	
30-39.9..........	19	40	14,110,127	27,086,803	
20-29.9..........	26	66	10,153,038	37,239,841	
10-19.9..........	83	149	37,380,873	74,620,714	
0.1-9.9..........	129	278	41,018,973	115,639,687	
(0) Zero priority	applications ranked in subpriority order				
100	-	278	-	115,639,687	
90-99.9..........	-	278	-	115,639,687	
80-89.9..........	-	278	-	115,639,687	
70-79.9..........	-	278	-	115,639,687	
60-69.9..........	-	278	-	115,639,687	
50-59.9..........	-	278	-	115,639,687	
40-49.9..........	-	278	-	115,639,687	
30-39.9..........	1	279	676,704	116,316,391	
20-29.9..........	2	281	784,135	117,100,526	
10-19.9..........	12	293	2,921,097	120,021,623	
0.1-9.9..........	133	426	33,295,398	153,317,021	
0................	28	454	37,634,789	190,951,810	T. Inslie

List of Construction Projects to be Initiated from Funds Provided in the 1973 SAFA Budget Request

Section and Project Number	Fiscal Year 1973 Estimated Entitlement
Section 14	
Nebr-73-C-3001 (Knox Co. Public Schools)............	$ 968,000
N.Mex-73-C-402 (Gallup-McKinley S.D. #1)............	463,125
Ariz-73-C-1403 (Sacaton E.S.D. #18)..................	3,382,470
	4,813,595 1/
Section 5	
Calif-73-C-58 (San Diego Unified School District)...	2,557,875
La-73-C-602 (Vernon Parish Sch. Board, Dist. 142)...	1,313,788
*Tex-72-C-704 (Nolanville C.S.D. #50)................	96,250
Mont-73-C-3002 (H.S.D. #28, St. Ignatius)...........	247,235
La-71-C-602 (Vernon Parish Sch. Board, Dist. 142)...	304,140
Calif-69-C-1702 (Kern Jt. Jr. Col. Dist., Bakersfield)......................	151,956
Okla-72-C-434 (Talihina Independent Dist. #52)......	635,170
N.Mex-72-C-1 (Alamogordo Mun. S.C. #1)..............	1,427,365
Wyo-68-C-1601 (S.D. #6, Lyman)......................	82,302
Calif-68-C-9 (Vallejo Unified School District)......	367,137
Calif-246B19-1 (San Francisco Unified Sch. Dist.)...	391,447
Ariz-72-C-404 (Chinle Public Sch. Dist. #24)........	1,296,978
Calif-1803A20 (Mineral E.S.D.).......................	18,297
	8,889,940
	13,703,535

1/ Sums of estimated obligations do not equal anticipated allotment of funds because the estimated cost of the next project on the priority list exceeds the estimated unobligated balance, therefore, that project cannot be funded. The balance will be distributed to appropriate sections when new funds are made available.

* Tex-72-C-704 (Nolanville C.S.D. #50 consolidated with Killeen Independent S.D.

List of Construction Projects to be Initiated from Funds Provided in the 1974 SAFA Budget Request[1]

Section and Project Number	Fiscal Year 1974 Estimated Entitlement
Section 14	
Mont-72-C-2001 (Brockton H.S.D. #55)	$ 1,000,000
Kans-72-C-404 (Powhattan C.S.D. #80)	600,290
Ariz-73-C-16 (Yuma Co. S.D. #27)	4,804,270
	6,404,560[2]
Section 5	
Calif-246B20 (San Francisco Unif. S.D.)	510,283
Colo-74-C-206 (El Paso Co. S.D. #8)	3,331,422
Ill-1704A19 (Union S.D. #81, Joliet)	54,375
Mich-72-C-2001 (Watersmeet Twp. S.D. #3)	58,000
Ill-1101A19 (Wesclin Comm. S.D. #3)	259,335
Tex-1801A20 (United Cons. I.S.D., Laredo)	587,182
Ariz-708A21 (E.S.D. #8, Page)	210,820
Ill-1703A19 (Braceville E.S.D. #75)	41,310
Ariz-701A21 (Sierra Vista S.D. #40)	313,076
Calif-209A19 (Long Beach Unif. S.D.)	693,148
Ala-1401A20 (Daleville City Dept. of Education)	297,990
Alaska-401A20 (Alaska Dept. of Education)	2,835,635
Ill-1A22 (Mascoutah Comm. S.D. #1)	1,785,411
N.J.-901A21 (N. Burlington Co. Reg. S.D.)	976,495
Ark-11A22 (Gosnell S.D. #6)	518,364
Calif-1603A18 (Stony Creek Jt. Unif. S.D.)	57,370
	12,530,216
	18,934,776

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[1] These are only estimates based on latest and best information available at the time the list was prepared, and does not reflect proposed base closings, need for disaster assistance and changing priorities since all this information is not yet available.

[2] Sums of estimated obligations do not equal anticipated allotment of funds because the estimated cost of the next project on the priority list exceeds the estimated unobligated balance, therefore, that project cannot be funded. The balance will be distributed to appropriate sections when new funds are made available.

CONSTRUCTION ACTIVITIES

Senator **Stevens**. You mentioned the $19 million for construction of school facilities and $7 million for Indian children.

Is this the priority list we are talking about in terms of the balance of the $19 million?

Do you have $12 million here beyond Indian school facilities? Is that a correct interpretation?

Mr. **Mattheis**. That is correct.

Senator **Stevens**. Is there a priority list for that? Is that the same list we were just talking about?

Mr. **Mattheis**. I assume they were both on priority lists. The first one is obviously the longest, where the $12 million is being spent, the $12 million for section 5, which is about 65 percent of that allocation; the 35 percent under the section 14 provision for those schools on Indian lands.

SAFA STUDIES

Senator **Stevens**. I am sure you realize the vast gap between the Congress and the administration in terms of this impacted aid. I would like to know if there have been studies which would support your conclusion stated on page 2? There you say that unlike the 3a students, where there is little if any local tax base, the 3b student's parents are in the community tax base, through either their place of employment or their place of residence, and in many cases the income of the 3b student's parents may stimulate increases in economic activity and taxable wealth that combined with the taxes paid on residences or on places of employment will offset the education cost.

Is that a theoretical assumption or do you have studies which show the impact on these areas of the "b" student families and the type of tax base they are in fact generating?

Mr. **Mattheis**. There have been studies, Mr. Chairman. The one that is used and I think is probably the most common in this area was the Battelle Study a number of years ago, and this language is literally their language, and the conclusion that they arrived at.

One would certainly have to indicate, however, that this was a national study and scene, and that there are going to be exceptions to that in a number of areas, as indicated already in how Alaska was treated in an exceptional manner with regard to their particular problem.

But yes, there have been studies that we—the Battelle Study is one of the most recent ones that we use as a backup for recommendations that we are making.

Senator **Stevens**. I do not want the record to imply that you are just overgenerous to Alaska. The reason is that you fund the Alaska schools differently under the Ford Foundation plan, and if you are not familiar with that, I would invite you to take a look at it because it is a plan that guarantees a school district the money that it actually costs to run the schools.

But what I would like to know is whether this is a study based on Montgomery County, which is obvious to everyone, or whether it is a study based on that area in South Dakota or Massachusetts or the other places where the difficulties, even with impacted aid, are apparent.

Mr. **MATTHEIS.** It is a national study, Mr. Chairman, based on sampling statistics from all of those areas. I am sure that they have some impact in the study from areas in Alaska and Nebraska, South Dakota, as well as Montgomery and Fairfax Counties and so on. It is a national study.

Senator **STEVENS.** I believe it is several years old.

Mr. **MATTHEIS.** Yes, 1969 was the last most comprehensive study.

Senator **STEVENS.** I have not seen it, but I would like to examine it.

Mr. **MATTHEIS.** It is a very complex area.

Senator **STEVENS.** I agree with Mr. Miller that somehow we must eliminate the gap between the Congress and the executive branch in this area. I do not see any solution that has yet been offered that would convince me.

JUSTIFICATION

The justification for the budget request will be placed in the record.

[The justification follows:]

Justification

Appropriation Estimate

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

For carrying out title I of the Act of September 30, 1950, as amended (20 U.S.C., ch. 13), and the Act of September 23, 1950, as amended (20 U.S.C., ch. 19), [$681,405,000] *$60,500,000*, of which [$645,495,000, including $41,450,000 for amounts payable under section 6 and $10,000,000 for complying with section 403(1)(C)][1] *$41,500,000* shall be for the maintenance and operation of schools as authorized by said title I of the Act of September 30, 1950, as amended and [$35,910,000] *$19,000,000*, which shall remain available until expended, shall be [only] for providing school facilities as authorized by [section 5 and subsections 14(a) and 14(b) of][2] said Act of September 23, 1950: *Provided*, That none of the funds contained herein shall be available to pay [any] local educational [agency in excess of 77 per centum of the amounts to which such agency would otherwise be entitled pursuant to section 3(b) of title I: *Provided further*, That none of the funds contained herein shall be available to pay any local educational agency in excess of 90 per centum of the amounts to which such agency would otherwise be entitled pursuant to section 3(a) of said title I if the number of children in average daily attendance in schools of that agency eligible under said section 3(a) is less than 25 per centum of the total number of children in such schools][3] *agencies pursuant to the provisions of any other sections of said title I until*[4] *payment has been made of 100 per centum of the amounts payable under section 6: Provided further, That none of the funds contained herein for providing school facilities shall be available to pay for any other section of the Act of September 23, 1950, until payment has been made of 100 per centum of the amounts payable under section 5 and subsections 14(a) and 14(b): Provided further, That of the funds appropriated in this bill for the Act of September 23,*[5] *1950, no more than 65 per centum will be used to fund section 5 of the above Act.*

Explanation of Language Changes

1. Language contained in the 1973 appropriation which provided for funding education of children in low-income housing is deleted since this provision is not being funded in 1974.

2. Language restricting funding of construction to local educational agencies only is deleted since this restriction could be carried out more effectively through the use of a proviso, see item 5.

3. Language contained in the 1973 appropriation which provided for funding section 3(a) and dependents of Uniformed Services personnel under section 3(b) are deleted since these provisions are not to be funded in 1974 from this appropriation.

4. Language has been added to insure that only section 6 of Public Law 874 will be funded from this appropriation.

5. Language has been added to specify that no more than two-thirds of the funds made available for construction be used for construction of schools for children whose parents work on or live on Federal property, thus leaving one-third of the funds appropriated for construction of schools in school districts educating substantial numbers of Indian children.

Amounts Available for Obligation

	1973	1974
Appropriation..................................	$430,910,000	$ 60,500,000
Unobligated balance, start of year.............	8,210,433	---
Total obligations......................	439,120,433	60,500,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
61	Maintenance and operation..	$415,000,000	$ 41,500,000	$-373,500,000
65	Construction...............	24,120,433	19,000,000	-5,120,433
Total obligations by activity....		439,120,433	60,500,000	-378,620,433

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Lands and structures.............	$ 5,542,000	$ ---	$ -5,542,000
Grants, subsidies, and contributions..........................	433,578,433	60,500,000	-373,078,433
Total obligations by object...	439,120,433	60,500,000	-378,620,433

Summary of Changes

1973 Budget authority	$430,910,000
1974 Budget authority	60,500,000
Net Change	$370,410,000

	Base	Change from Base
Increases:		
Program:		
Construction	$15,910,000	+3,090,000
Decreases:		
Program:		
Maintenance and operations	415,000,000	-373,500,000
Total, net change	---	-370,410,000

Explanation of Changes

An increase of $3,090,000 for a total of $19,000,000 is requested for construction activities authorized by P.L. 815. These funds will construct 275 classrooms benefitting 33,000 students, an increase of 50 classrooms and 8,000 students over 1973. Language is also provided to ensure that these funds are used in the areas of greatest need, to provide school facilities for Indian children and for children in local school districts heavily impacted as a result of military activity.

A decrease of $373,500,000 is requested for maintenance and operations. This decrease results from terminating Federal support for "b" category students and shifting the funding of "a" category students to the Special Education Revenue Sharing. All that is being requested in this appropriation are funds for arrangements with Federal agencies for educating certain children residing on Federal property where local school districts are unable to provide suitable free public education for such children.

Authorizing Legislation

Legislation	1974	
	Authorized	Appropriation requested
School Assistance in Federally Affected Areas Public Law 874 Maintenance and Operation:		
Section 2	$ 7,000,000	$ ---
Section 3	700,500,000 1/	---
Section 4	1,000,000	---
Section 6	41,500,000	41,500,000
Section 7	2/	---
Public Law 815 Construction: 3/		
Section 5	39,000,000	12,350,000
Section 8	1,000,000	---
Section 9	2,000,000	---
Section 10	15,000,000	---
Section 14	15,000,000	6,650,000
Section 16	2/	

1/ Does not include low-rent housing which is estimated at $360,000,000 for FY 1974

2/ Requirements are unpredictable. They are payable out of regular appropriations, subject to replacement by supplemental appropriations as needed.

3/ Excludes unfunded backlog of eligible or potentially eligible applications which is estimated at $266,165,000 as of 6/30/73.

Public Law 874, 81st Congress

Title I—Financial Assistance for Local Educational Agencies in Areas Affected by Federal Activity

CHILDREN FOR WHOM LOCAL AGENCIES ARE UNABLE TO PROVIDE EDUCATION

SEC. 6. (a) In the case of children who reside on Federal property—

(1) if no tax revenues of the State or any political subdivision thereof may be expended for the free public education of such children; or

(2) if it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children,

the Commissioner shall make such arrangements (other than arrangements with respect to the acquisition of land, the erection of facilities, interest, or debt service) as may be necessary to provide free public education for such children. Such arrangements to provide free public education may also be made for children of members of the Armed Forces on active duty, if the schools in which free public education is usually provided for such children are made unavailable to them as a result of official action by State or local governmental authority and it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children. To the maximum extent practicable, the local educational agency, or the head of the Federal department or agency, with which any arrangement is made under this section shall take such action as may be necessary to insure that the education provided pursuant to such arrangement is comparable to free public education provided for children in comparable communities in the State, or, in the case of education provided under this section outside the continental United States, Alaska, and Hawaii, comparable to free public education provided for children in the District of Columbia. For the purpose of providing such comparable education, personnel may be employed and the compensation, tenure, leave, hours of work, and other incidents of the employment relationship may be fixed without regard to the Civil Service Act and rules (5 U.S.C. 631 et seq.) and the following: (1) the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.); (2) the Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2061 et seq.); (3) the Federal Employees' Pay Act of 1945, as amended (5 U.S.C. 901 et seq.); (4) the Veterans' Preference Act of 1944, as amended (5 U.S.C. 851 et seq.); and (5) the Performance Rating Act of 1950, as amended (5 U.S.C. 2001 et seq.). In any case where education was being provided on January 1, 1955, or thereafter under an arrangement made under this subsection for children residing on an Army, Navy (including the Marine Corps), or Air Force installation, it shall be presumed, for the purposes of this subsection, that no local educational agency is able to provide suitable free public education for the children residing on such installation, until the Commissioner and the Secretary of the military department concerned jointly determine, after consultation with the appropriate State educational agency, that a local educational agency is able to do so.

(b) In any case in which the Commissioner makes such arrangements for the provision of free public education in facilities situated on Federal property, he may also make arrangements for providing free public education in such facilities for children residing in any area adjacent to such property with a parent who, during some portion of the fiscal year in which such education is provided, was employed on such property, but only if the Commissioner determines after consultation with the appropriate State educational agency (1) that the provision of such education is appropriate to carry out the purposes of this title, (2) that no local educational agency is able to provide suitable free public education for such children, and (3) in any case where in the judgment of the Commissioner the need for the provision of such education will not be temporary in duration, that the local educational agency of the school district in which such children reside, or the State educational agency, or both, will make reasonable tuition payments to the Commissioner for the education of such children. Such payments may be made either directly or through deductions from amounts to which the local educational agency is entitled under this title, or both, as may be agreed upon between such agency and the Commissioner. Any amounts paid to the Commissioner by a State or local educational agency pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

(c) In any case in which the Commissioner makes arrangements under this section for the provision of free public education in facilities situated on Federal property in Puerto Rico, Wake Island, Guam, American Samoa, or the Virgin Islands, he may also make arrangements for providing free public education in such facilities for children residing with a parent employed by the United States, but only if the Commissioner determines after consultation with the appropriate State educational agency (1) that the provision of such education is appropriate to carry out the purposes of this title, and (2) that no local educational agency is able to provide suitable free public education for such children.

(d) The Commissioner may make an arrangement under this section only with a local educational agency or with the head of a Federal department or agency administering Federal property on which children reside who are to be provided education pursuant to such arrangement or, in the case of children to whom the second sentence of subsection (a) applies, with the head of any Federal department or agency having jurisdiction over the parents of some or all of such children. Except where the Commissioner makes arrangements pursuant to the second sentence of subsection (a), arrangements may be made under this section only for the provision of education in facilities of a local educational agency or in facilities situated on Federal property.

(e) To the maximum extent practicable, the Commissioner shall limit the total payments made pursuant to any such arrangement for educating children within the continental United States, Alaska, or Hawaii, to an amount per pupil which will not exceed the per pupil cost of free public education provided for children in comparable communities in the State. The Commissioner shall limit the total payments made pursuant to any such arrangement for educating children outside the continental United States, Alaska, or Hawaii, to an amount per pupil which will not exceed the amount he determines to be necessary to provide education comparable to the free public education provided for children in the District of Columbia.

(f)[4] If no tax revenues of a State or of any political subdivision of the State may be expended for the free public education of children who reside on any Federal property within the State, or if no tax revenues of a State are allocated for the free public education of such children, then the property on which such children reside shall not be considered Federal property for the purposes of sections 3 and 4 of this Act. If a local educational agency refuses for any other reason to provide in any fiscal year free public education for children who reside on Federal property which is within the school district of that agency or which, in the determination of the Commissioner, would be within that school district if it were not Federal property, there shall be deducted from any amount to which the local educational

agency is otherwise entitled for that year under section 3 or 4 an amount equal to (1) the amount (if any) by which the cost to the Commissioner of providing free public education for that year for each such child exceeds the local contribution rate of that agency for that year, multiplied by (2) the number of such children.

School Construction in Areas Affected by Federal Activities

(P.L. 815, 81st Congress)

AN ACT Relating to the construction of school facilities in areas affected by Federal activities, and for other purposes

SEC. 5. (a) Subject to the limitations in subsections (c) and (d), the total of the payments to a local educational agency under this Act may not exceed the sum of the following:

(1) the estimated increase, since the base year, in the number of children residing on Federal property, (A) who so resided with a parent employed on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district), or (B) who had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949), multiplied by 95 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; and

(2) the estimated increase, since the base year, in the number of children (A) residing on Federal property, or (B) residing with a parent employed on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district), or (C) who had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949), multiplied by 50 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; and

(3) the estimated increase, since the base year, in the number of children whose membership results directly from activities of the United States (carried on either directly or through a contractor), multiplied by 45 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated. For purposes of this paragraph, the Commissioner shall not consider as activities of the United States those activities which are carried on in connection with real property excluded from the definition of Federal property by the last sentence of paragraph (1) of section 15, but shall (if the local educational agency so elects pursuant to subsection (b)) consider as children whose membership results directly from activities of the United States children residing on Federal property or residing with a parent employed on Federal property; and

(4) for the fiscal year ending June 30, 1967, the estimated number of children, without regard to the limitation in subsection (d), whose membership in the schools of such local educational agency resulted from a change in residence from land transferred to Mexico as part of a relocation of an international boundary of the United States, multiplied by 50 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; but if, by reason of any other provision of law, this clause is not considered in computing the maximum payments a local enducational agency may receive for the fiscal year ending June 30, 1967, the additional

amount such agency would have been entitled to receive shall be added to such agency's entitlement for the first fiscal year for which funds appropriated to carry out this Act may be used for such purpose.

In computing for any local educational agency the number of children in an increase under paragraph (1), (2), or (3), the estimated number of children described in such paragraph who will be in the membership of the schools of such agency at the close of the increase period shall be compared with the estimated number of such children in the average daily membership of the schools of such agency during the base year.

(b) If two or more of the paragraphs of subsection (a) apply to a child, the local educational agency shall elect which of such paragraphs shall apply to such child, except that, notwithstanding the election of a local educational agency to have paragraph (2) apply to a child instead of paragraph (1), the determination of the maximum amount for such agency under subsection (a) shall be made without regard to such election.

(c) A local educational agency shall not be eligible to have any amount included in its maximum by reason of paragraph (1), (2), or (3) of subsection (a) unless the increase in children referred to in such paragraph, prior to the application of the limitation in subsection (d) is at least twenty and—

(1) in the case of paragraph (1) or (2), is—

(A) equal to at least 10 per centum of the number of all children who were in the average daily membership of the schools of such agency during the base year, or

(B) at least one thousand five hundred, whichever is the lesser; and

(2) In the case of paragraph (3), is—

(A) equal to at least 10 per centum of the number of all children who were in the average daily membership of the schools of such agency during the base year, or

(B) at least two thousand five hundred,

whichever is the lesser: *Provided*, That no local educational agency shall be regarded as eligible under this paragraph (2) unless the Commissioner finds that the construction of additional minimum school facilities for the number of children in such increase will impose an undue financial burden on the taxing and borrowing authority of such agency.

(d) If (1) the estimated number of nonfederally connected children who will be in the membership of the schools of a local educational agency at the close of the increase period is less than (2) 106 per centum of the number of such children who were in the average daily membership of such agency during the base year, the total number of children counted for purposes of subsection (a) with respect to such agency shall be reduced by the difference between (1) and (2) hereof, except that the number of children counted for the purposes of paragraph (1) or (2) of subsection (a) shall not be reduced by more than one thousand five hundred and that the number of children counted for the purposes of paragraph (3) of subsection (a) shall not be reduced by more than two thousand five hundred. For purposes of this subsection, all children in the membership of a local educational agency shall be counted as nonfederally connected children except children whose membership in the base year and increase period was compared in computing an increase which meets the requirements of subsection (c).

(e) Notwithstanding the provisions of subsections (c), (d), and (f) of this section, whenever and to extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this Act, the Commissioner may do any one or more of the following: (1) he may waive or reduce the minimum number requirement or any percentage requirement or requirements in subsection (c); (2) he may waive the requirement contained in the first sentence of subsection (d) or reduce the percentage specified in clause (2) of such sentence; or (3) he may waive or reduce the requirement contained in subsection (f).

(f) In determining under this section the total of the payments which may be made to a local educational agency on the basis of any application, the total number of children counted for purposes of paragraph (1), (2), or (3), as the case may be, of subsection (a) may not exceed—

(1) the number of children whose membership at the close of the increase period for the application is compared with membership in the base period for purposes of that paragraph, minus

(2) the number of such children whose membership at the close of the increase period was compared with membership in the base year for purposes of such paragraph under the last previous application, if any, of the agency on the basis of which any payment has been or may be made to that agency.

SCHOOL CONSTRUCTION ASSISTANCE IN OTHER FEDERALLY AFFECTED AREAS

SEC. 14. (a) If the Commissioner determines with respect to any local educational agency that—

(1) such agency is providing or, upon completion of the school facilities for which provision is made herein, will provide free public education for children who reside on Indian lands, and whose membership in the schools of such agency has not formed and will not form the basis for payments under other provisions of this Act, and that the total number of such children represents a substantial percentage of the total number of children for whom such agency provides free public education, or that such Indian lands constitute a substantial part of the school district of such local educational agency, or that the total number of such children who reside on Indian lands located outside the school district of such agency equals or exceeds 100;

(2) the immunity of such Indian lands to taxation by such agency has created a substantial and continuing impairment of its ability to finance needed school facilities;

(3) such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance available for the purpose; and

(4) such agency does not have sufficient funds available to it from other Federal, State, and local sources to provide the minimum school facilities required for free public education of a substantial percentage of the children in the membership of its schools,

he may provide the additional assistance necessary to enable such agency to provide such facilities, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest; but such additional assistance may not exceed the portion of the cost of such facilities which the Commissioner estimates has not been, and is not to be, recovered by the local educational agency from other sources, including payments by the United States under any other provisions of this Act or any other law. Notwithstanding the provisions of this subsection, the Commissioner may waive the percentage requirement in paragraph (1) whenever, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this section. Assistance may be furnished under this subsection without regard to paragraph (2) (but subject to the other provisions of this subsection and subsection (e)) to any local educational agency which provides free public education for children who reside on Indian lands located outside its school district. For purposes of this subsection "Indian lands" means Indian reservations or other real property referred to in the second sentence of section 15(1).

(b) If the Commissioner determines with respect to any local educational agency that—

(1) such agency is providing or, upon completion of the school facilities for which provision is made herein, will provide free public education for children who reside on Indian lands, and whose membership in the schools of such agency has not formed and will not form the basis for payments under other provisions of this Act, and that the total number of such children represents a substantial percentage of the total number of children for whom such agency provides free public education, or that such Indian lands constitute a substantial part of the school district of such local educational agency, or that the total number of such children who reside on Indian lands located outside the school district of such agency equals or exceeds one hundred; and

(2) the immunity of such Indian lands to taxation by such agency has created a substantial and continuing impairment of its ability to finance needed school facilities;

he may, upon such terms and in such amounts (subject to the provisions of this section) as the Commissioner may consider to be in the public interest, provide the additional assistance necessary to enable such agency to provide the minimum school facilities required for free public education of children in the membership of the schools of such agency who reside on Indian lands; but such additional assistance may not exceed the portion of the cost of constructing such facilities which the Commissioner estimates has not been, and is not to be, recovered by the local educational agency from other sources, including payments by the United States under any other provisions of this Act or any other law. Notwithstanding the provisions of this subsection, the Commissioner may waive the percentage requirement in paragraph (1) whenever, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this section. Assistance may be furnished under this subsection without regard to paragraph (2) (but subject to the other provisions of this subsection and subsection (e)) to any local educational agency which provides free public education for children who reside on Indian lands located outside its school district. For purposes of this subsection "Indian lands" means Indian reservations or other real property referred to in the second sentence of section 15(1).

(d)[1] There are hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section. There are also authorized to be appropriated such sums as may be necessary for administration of such provisions. Amounts so appropriated, other than amounts appropriated for administration, shall remain available until expended.

(c) If the Commissioner determines with respect to any local educational agency—

(1) that (A) such agency is providing or, upon completion of the school facilities for which provision is made herein, will provide, free public education for children who are inadequately housed by minimum school facilities and whose membership in the schools of such agency has not formed and will not form the basis for payments under other provisions of this Act, and (B) the total number of such children represents a substantial per-

centage of the total number of children for whom such agency provides free public education, and (C) Federal property constitutes a substantial part of the school district of such agency,

(2) that the immunity of such Federal property from taxation by such agency has created a substantial and continuing impairment of such agency's ability to finance needed school facilities,

(3) that such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance for the purpose, and

(4) that such agency does not have sufficient funds available to it from other Federal, State, and local sources to provide the minimum school facilities required for free public education of a substantial percentage of the children in the membership of its schools,

he may provide the assistance necessary to enable such agency to provide minimum school facilities for children in the membership of the schools of such agency whom the Commissioner finds to be inadequately housed, upon such terms and conditions, and in such amounts (subject to the applicable provisions of this section) as the Commissioner may consider to be in the public interest. Such assistance may not exceed the portion of the cost of such facilities which the Commissioner estimates has not been, and is not to be, recovered by the local educational agency from other sources, including payments by the United States under any other provisions of this Act or any other law. Notwithstanding the provisions of this subsection, the Commissioner may waive the percentage requirement in paragraph (1) whenever, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this subsection.

(e) No payment may be made to any local educational agency under subsection (a) or (b) except upon application therefor which is submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him, and which meets the requirements of section 6(b)(1). In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications and the nature and extent of the Federal responsibility. No payment may be made under subsection (a) or (b) unless the Commissioner finds, after consultation with the State and local educational agencies, that the project or projects with respect to which it is made are not inconsistent with overall State plans for the construction of school facilities. All determinations made by the Commissioner under this section shall be made only after consultation with the appropriate State educational agency and the local educational agency.

(f) Amounts paid by the Commissioner to local educational agencies under subsection (a) or (b) may be paid in advance of, or by way of reimbursement for, work performed or purchases made pursuant to the agreement with the Commissioner under this section, and may be paid in such installments as the Commissioner may determine. Any funds paid to a local educational agency and not expended or otherwise used for the purposes for which paid shall be repaid to the Treasury of the United States.

(g) None of the provisions of sections 1 to 10, both inclusive, other than section 6(b)(1), shall apply with respect to determinations made under this section.

(h) It is hereby declared to be the policy of the Congress that the provision of assistance pursuant to subsections (a) and (b) of this section shall be given a priority at least equal to that given to payments made pursuant to section 10 of this Act.

School Assistance in Federally Affected Areas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$380,216,000	$343,610,000	$343,610,000	$343,610,000
1965	417,030,000	389,580,000	389,580,000	389,580,000
1966	396,370,000	437,370,000	437,370,000	437,370,000
1967	205,717,000	468,517,000	507,348,000	468,517,000
1968	438,517,000	529,482,000	563,282,000	529,482,000
1969	409,697,000	520,207,000	520,207,000	520,207,000
1970	201,107,000	519,507,000	599,107,000	519,507,000
1971	425,000,000	438,900,000	672,700,000	549,968,000
1972	439,300,000	606,880,000	676,880,000	611,880,000
1973	430,910,000	641,405,000	681,405,000	---
1974	60,500,000			

NOTE: In order to reflect comparability with the 1973 estimate this table excludes all funds for technical services under P.L. 815.

	1973 Estimate	1974 Estimate	Increase or Decrease
Maintenance and operations:			
Budget authority and obligations....	$415,000,000	$41,500,000	$-373,500,000

Narrative

Purpose and Scope:

Title I of Public Law 81-874 authorizes financial assistance for the maintenance and operation of local school districts in which enrollments are affected by Federal activities. Payments under Section 3 are made to eligible school districts which provide free public education to children who live on, with a parent employed on, Federal property (Section 3(a) children) and to children who either live on Federal property or live with a parent employed on Federal property or in the Uniformed Services (Section 3(b) children). Payments are also made under other sections including: Section 2 when there has been a loss of tax base as a result of the acquisition of real property by the Federal Government; Section 6 under which the Commissioner provides the full cost of education for children residing on Federal property where no State or local educational agency is able, because of State law or for other reasons, to provide suitable free education to such children; and Section 7 which provides assistance in major disaster areas. Payments under P.L. 874 are deposited by local school districts into current operating expense accounts and thus are used for general school purposes benefitting all students enrolled in applicant districts.

Fiscal Year 1972/1973:

Of a total of 4,737 applications received in fiscal year 1972, there were 4,556 eligible school district applicants. Almost two and a half million federally-connected children were eligible in local school districts which in the aggregate educated over half of the Nation's public elementary and secondary school children. The number of 3(a) children increased from 385,000 to 387,000, a lesser rate of increase than has occurred in recent years. The number of 3(b) children decreased from 2,100,000 to just under 2,000,000. (These figures do not include children residing in low-rent housing units eligible to be claimed, but for which funds were not appropriated.) In recognition of the greater burden of the 3(a) child for whom virtually no tax base exists, the 1972 appropriation Act included language which authorized a higher funding level for 3(a) children over the funding level for 3(b) children. Full funding for 3(a) children was provided to districts having 25 percent or more such children in relation to total number of children. Other 3(a) children were funded at 90 percent of entitlements. Special language provided with the appropriation limited the funding of 3(b) children to 73 percent of entitlement. After the foregoing funding and the funding of Sections 6 and 7 in full (as required in the basic law), the remaining funds permitted payments for Sections 2, 3, and 4 at 100 percent of entitlements.

Under existing provisions of Public Law 81-874 and specifically requested appropriations language, the budget request of $415,000,000 for fiscal year 1973 will provide full entitlements for children under Sections 3(a) and 6, most of whom are dependents of military personnel. This amount will also provide payments for Section 3(b) children who are dependents of Uniformed Services personnel. Funds were not requested for any other category of children under Section 3(b) and other sections, with the exception of Section 7 which provides major disaster assistance. However, an amount was included to assist school districts that would lose more than five percent of their 1972 budgets for current expenditures under these funding arrangements. The requested appropriation language includes working to permit any pupil residing on Indian lands to be considered an "a" child even if his parent is employed on private property. Thus school districts will receive full payments for all Indian pupils eligible under the impact aid program.

Fiscal Year 1974:

The amount of $41,500,000 is requested to fund entitlements under Section 6. Entitlements under Section 6 provide the full cost of educating children who reside on Federal property in States where, due to state law or for other reasons, local school districts are unable to provide suitable free public education for such children. Schools operated under Section 6 cannot be terminated until the Commissioner of Education and the Secretary of the Federal department concerned jointly determine, after consultation with the appropriate State education agency, that a local education agency is able to provide suitable free public education for the children attending such schools. There is a continuing effort by the Office of Education to reduce the number of Section 6 schools.

Support for category "a" children and for children who live on Indian land will be continued in the context of Special Education Revenue Sharing for which authorizing legislation will be proposed. An amount of $232,000,000 has been estimated for these purposes.

The budget proposes a reduction of $146,350,000 in payments to local educational agencies for the education of the children of parents who work for the Federal government but do not live on Federal property — the so-called "B" students. A general consensus has developed over the last several Administrations -- based upon many studies and evaluations -- that this type of Federal activity does not really constitute an economic burden on local schools. The parents of the so-called "B" children pay local property taxes for the support of their schools just like everyone else.

Program Statistical Data

	1972 Estimate	1973 Estimate	1974 Estimate
Target population (federally-connected students)1/..........................	2,435,000	933,000	50,000
Number of projects....................	4,600	4,100	29
Average cost per student..............	$ 229	$ 399	$ 829

1/In 1972 all "a", "b" and Section 6 students are funded. In 1973 only "a", "b" military and Section 6 students are funded. In 1974 only Section 6 students are funded from this appropriation. The "a" students are funded under revenue sharing; the "b" student support is terminated.

Estimated Requirements for Payments to School Districts
Titles I and IV, Public Law 874, as amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility	1972 Entitlement	1972 Appropriation	1973 Entitlement	1973 Budget Request	1974 Entitlement	1974 Budget Request
Section 2	School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition.	$ 6,500,000	$ 6,500,000	$ 7,000,000	$ ---	$ 7,000,000	$ ---
Section 3(a)-ADA) -Rate) -Entitlement)	Children of parents who work on and reside on Federal property.	387,200 $489. $189,300,000	 $180,500,000	414,500 $540 $223,850,000	 $223,850,000 $3,300,000[1]	387,000 $590 $228,350,000	 [2] [3]
Section 3(b)-ADA) -Rate) -Entitlement)	Children of parents who either work on or reside on Federal property or in Uniformed Service.	1,985,000 $228.50 $454,000,000	 $331,380,000	1,849,000 $250 $462,250,000	 $122,589,000	1,730,000 $275 $476,000,000	 $ ---
Section 3(e)	School districts eligible to receive amount to which they would have been entitled before reduction of Federally-connected children by cessation or decrease of Federal activity.	$ 700,000	$ 700,000	$ 700,000	$ ---	$ 700,000	$ ---
Section 3(c)(4)	Provides special deficit rate of payment when 50% or more of children reside on Federal property.	$ 300,000	$ 300,000	$ 300,000	$ ---	$ 300,000	$ ---
Deductions 3(c)(2)(B)	Deduction when eligibility requirement not met in second fiscal year of two-year period.	$ -1,000,000	$ -1,000,000	$ -1,000,000	$ ---	$ -1,000,000	$ ---
Net Section 3 Entitlement		$643,300,000	$511,880,000	$686,100,000	$349,739,000	$704,350,000	$ ---

Section	Basis of Eligibility	1972 Entitlement	1972 Appropriation	1973 Entitlement	1973 Budget Request	1974 Entitlement	1974 Budget Request
Section 4 -	Sudden and substantial increase of children resulting from Federal activities carried on directly or through a contractor.	$ 1,500,000	$ 1,500,000	$ 1,000,000	$ ---	$ 1,000,000	$ ---
Section 6	Arrangements with Federal agencies for educating certain children residing on Federal property.	$ 37,650,000	$ 37,650,000	$ 41,450,000	$ 41,450,000	$ 41,450,000	$ 41,450,000 4/
Setion 402	Transfer of funds to Federal agencies for service provided to local educational agencies.	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000 4/
Section 7	Natural disasters.	$ 35,000,000	$ 35,000,000	$ ---	$ ---	$ ---	$ ---
	Hardship clause and balance, part of which will be used to fund Section 7.	$ ---	$ ---	$ ---	$ 23,761,000	$ ---	$ ---
Low-Rent Housing	(Definition of Federal Property now includes low-rent housing.)	$ 300,000,000	$ ---	$ 330,000,000	$ ---	$ 360,000,000	$ ---
TOTALS		$1,024,000,000	$592,580,000	$1,065,600,000	$415,000,000	$1,113,850,000	$ 41,500,000

1/ Entitlement for Indian children whose parents live on Federal property, but work in the community.
2/ Estimate for "A" children included in Special Education Revenue Sharing.
3/ Payments for Indian children whose parents live on Federal property, but work in the community are included in Special Education Revenue Sharing.
4/ Payments to Federal agencies, which provide for the education of children, are not appropriate for inclusion in Special Education Revenue Sharing. These payments are provided for, instead, in this appropriation account.

	1973 Estimate	1974 Estimate	Increase or Decrease
Construction			
Budget authority..................	$15,910,000	$19,000,000	$+3,090,000
Obligations	24,120,433	19,000,000	-5,120,433

Narrative

Purpose and Scope:

Public Law 81-815 authorizes financial assistance to local school districts for the construction of school facilities in areas where enrollments are increased by Federal activities. Assistance is authorized to eligible school districts which provide free public education for children who live on Federal property and/or have a parent employed on Federal property or in the Uniformed Services. Direct Federal construction of school facilities for children residing on Federal property is provided where no State or local educational agency is able, because of State law or for other specified reasons, to provide suitable free public education for such children. Construction assistance funds are also provided to school districts educating substantial numbers of children who reside on Indian lands. Assistance is also provided to replace or restore school facilities destroyed or seriously damaged as a result of a major disaster. Priorities contained in the basic law provide that applications for disaster assistance must be funded first from any available funds. Then, needs of a temporary nature, direct Federal construction and construction for Indian children share priority in any remaining funds. Other eligible local educational agencies' construction needs have no priority on funds in the basic law.

Fiscal Year 1973:

The 1972 appropriation was used to fund disaster applications in the amount of $11,300,000. The remaining $8,000,000 funded the highest priority projects under the priority sections of the Act in the following amounts: $200,000 for school construction needs of a temporary nature, $3,800,000 for direct Federal school construction and $4,000,000 for construction of school facilities for children residing on Indian lands. This initiated 13 new projects to provide 37 classrooms.

With the specifically requested appropriation language, the budget request of $15,910,000 for fiscal year 1973 will be used to meet the most pressing construction needs of local education agencies which have applied under Section 5 of the Act as a result of increased military activity and housing and under Sections 14(a) and (b) for assistance for children residing on Indian lands. This appropriation request will continue assistance for children residing on Indian lands and will aid high priority local education agency applications eligible under the provisions of Section 5 filed in fiscal year 1968 to the present which have not been assisted due to basic provisions of the law which provided priority in funding to other sections of the Act.

Fiscal Year 1974:

Special appropriation language will be requested again in fiscal year 1974 with a request of $19,000,000. The language will differ from 1973 only in order to provide more funds for Indian school construction. The 1973 language continued a priority for Indian school construction established by Public Law 91-230 and first effective in fiscal year 1971. However, the 1973 language did not provide as much funds for Indian school construction as would be provided by priorities in the basic law as amended by Public Law 91-230. This is due to the fact that estimated requirements under Section 5 are two and a half times greater than the estimated requirements under the priority Sections 9 and 10. Thus, Sections 14(a) and (b)--Indian school construction--receive approximately 20 percent of funds when sharing with Section 5 and about 35 percent when sharing with Sections 9 and 10. The 1974 language will provide 35 percent, of funds appropriated, for Indian school construction under Sections 14(a) and (b) and 65 percent for Section 5..

This request continues the thrust of our 1973 Budget Request to provide, along with assistance for Indian school construction, aid for high priority local education agencies whose applications were eligible but were not funded under Section 5 since 1968. This was due to priorities given to other sections by the basic law.

When the original law was passed, many States had laws prohibiting local districts from constructing on Federal property. This prohibition was recognized by Section 10 which provided for such construction and was given priority in funding. Today, only a few States have such laws. Thus, most school districts must apply under Section 5, presently a non-priority section of the basic law. The resulting situation has been that a school district in a State unwilling to construct on Federal property has had priority on funds over a school district in a State that is willing to contribute to such construction. School districts in the latter category have not been considered for funds from 1968 until the Budget Request for 1973. Many children in these districts are on double shifts and/or are attending school in make-shift arrangements such as church basements due to the lack of school facilities. In a number of cases, the non-Federal local people have already raised their fair share of the cost of constructing new facilities. Further new construction cannot be started until the Federal Government provides its share.

No assistance will be granted from this appropriation for applications on file or which may be filed under Sections 9 (temporary impact) and 10 (direct Federal construction on Federal installations). However, funds committed from prior year appropriations will be obligated for these purposes in 1973 and any remaining funds in 1974.

Program Statistical Data:

	1972 Estimate	1973 Estimate	1974 Estimate
Target population students	6,400	7,370	7,680
Number of classrooms	230	260	275
Number of sq. ft. constructed	544,000	626,300	652,700
Number of Projects:			
New	(18)	(18)	(25)
Continuations	(6)	(--)	(--)

Estimated Data for School Construction, by Section
Public Law 815, As Amended
Fiscal Years 1972, 1973, and 1974

Section	Basis of Eligibility	1972 Appropriation	1973 Budget Request	Backlog Prior to 1974	1974 Entitlement	1974 Budget Request
5	Children of parents who, work on) and/or reside on Federal property) or who represent an increase in) Federal activity either directly) or through a contractor.)					
	Number of children					5,600
	Rate of construction per child					$2,200
			$12,505,000	$154,700,000	$39,000,000	$12,350,000
8	Provision of non-Federal share of construction imposes a financial hardship.			4,000,000	1,000,000	
Total, Sections 5 and 8			12,505,000	158,700,000	40,000,000	12,350,000
9	Temporary increases of Federally-connected children for whom temporary school facilities are provided	$ 200,000		3,144,000	2,000,000	
10	Federally constructed schools on Federal property	3,800,000		59,277,000	15,000,000	
14	Substantial number of children residing on Federal property (mostly tax--exempt Indian land) and lack of financial resources	4,000,000	3,405,000	45,044,000	15,000,000	6,650,000
16	Natural disasters[1/]	11,300,000				
Grand Totals		$19,300,000	$15,910,000	$266,165,000	$72,000,000	$19,000,000

[1/] Requirements are unpredictable. They are payable out of regular appropriation, subject to replacement by supplemental appropriations as needed.

Program Purpose and Accomplishment

Activity: Maintenance and Operation

1973	1974	
	Authorization	Budget Estimate
$415,000,000	$1,113,850,000	$41,500,000

Purpose: Title I of P.L. 81-874 authorizes financial assistance for the maintenance and operation of local school districts in which enrollments are affected by Federal activities.

Explanation: Applications and documentation are submitted by local education agencies. This material is reviewed and verified by Office of Education personnel and awards made directly to the local education agencies. The Office of Education provides for the full cost of education of children residing on Federal property where no education agency is able to provide suitable free education to such children.

Accomplishments in 1973: Grants were made to provide support for some 933,000 pupils with greater proportionate support going to heavily impacted school districts.

Objectives for 1974: The estimate for 1974 will provide funding for Section 6, arrangements with Federal agencies for educating certain children residing on Federal property. Funding for children of parents who work on and reside on Federal property "a category children" are being included in special education revenue sharing. Funding for other sections of the Act are being terminated. It is estimated that approximately 50,000 pupils will receive benefits in 1974 from this appropriation.

Activity: Construction

1973	1974	
	Authorization	Budget Estimate
$15,910,000	$72,000,000	$19,000,000

Purpose Grants are made to assist in construction of schools in local school districts where there are significant increases in pupils resulting from Federal activities.

Explanation: Applications and documentation are submitted by local education agencies. This material is reviewed and verified by Office of Education personnel and awards are made directly to the local education agencies.

Accomplishments in 1973: Grants were made to meet the most pressing construction needs of local education agencies which have applied under sections 5 and 14 (a) and (b) of the Act. It is estimated that over 250 classrooms benefitting almost 25,000 students will be constructed.

Objectives for 1974: Grants in 1974 will provide greater assistance for Indian school construction as well as for school construction needs resulting from increased military activity. It is planned to construct 275 classrooms to serve almost 33,000 students.

Public Law 874 - Maintenance and Operations

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
TOTAL	$ 583,331,756	$415,000,000	$ 41,500,000
Alabama	9,750,166	5,228,000	1,938,000
Alaska	23,457,876	25,455,000	---
Arizona	12,747,571	12,531,000	---
Arkansas	3,104,970	2,112,000	---
California	76,577,331	59,031,000	26,000
Colorado	12,765,583	7,741,000	---
Connecticut	3,838,347	3,059,000	---
Delaware	2,051,687	2,419,000	2,052,000
Florida	17,741,029	15,493,000	684,000
Georgia	16,637,457	11,569,000	4,989,000
Hawaii	10,945,538	8,685,000	---
Idaho	3,280,756	1,808,000	---
Illinois	13,329,632	8,183,000	---
Indiana	3,324,105	1,564,000	---
Iowa	2,174,273	364,000	---
Kansas	8,445,114	6,645,000	27,000
Kentucky	8,982,337	7,202,000	5,901,000
Louisiana	3,643,242	3,571,000	474,000
Maine	3,101,994	2,668,000	---
Maryland	29,879,298	10,756,000	---
Massachusetts	13,311,994	7,582,000[2]	1,423,000
Michigan	5,653,773	4,935,000	---
Minnesota	3,189,369	1,852,000	---
Mississippi	3,110,946	2,682,000	---
Missouri	8,111,328	4,131,000	---
Montana	5,711,077	5,086,000[2]	---
Nebraska	5,163,018	6,032,000	---
Nevada	3,549,930	2,626,000	---
New Hampshire	2,309,156	1,602,000	---
New Jersey	14,285,764	8,249,000	---
New Mexico	13,944,927	10,881,000	---
New York	27,355,168	10,374,000	1,491,000
North Carolina	15,221,951	14,962,000	8,828,000
North Dakota	5,035,160	4,941,000	---
Ohio	10,291,091	4,295,000	---
Oklahoma	11,692,378	7,512,000	---
Oregon	3,662,262	2,660,000	18,000
Pennsylvania	27,361,406	2,496,000	4,000
Rhode Island	4,296,289	4,181,000	---
South Carolina	9,453,216	7,458,000	2,996,000

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
South Dakota	$ 5,617,849	$ 4,577,000	$ ---
Tennessee	6,992,356	2,225,000	---
Texas	33,250,028	20,850,000	---
Utah	7,917,755	2,028,000	---
Vermont	132,238	65,000	---
Virginia	36,519,357	26,007,000	2,938,000
Washington	14,185,049	10,090,000	---
West Virginia	765,110	192,000	---
Wisconsin	1,958,159	1,218,000	---
Wyoming	2,494,715	1,955,000	---
District of Columbia	3,965,678	567,000	---
Guam	2,589,560	2,278,000	---
Puerto Rico	8,064,810	8,260,000[2]	7,474,000
Virgin Islands	113,463	--- [2]	---
Wake Island	277,120	306,000	237,000
Hardship Clause	---	23,761,000	---

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[1] Estimated payments of entitlements under Section 3(a) including former Section 3(b)(1) Indian children at 100 percent and Section 6 and 100 percent. Includes amounts for Section 3(b) children of Uniformed Services personnel based on 1971 data furnished by States. Section 7 cannot be estimated but will be funded at 100 percent.

[2] Does not include an amount for Section 3(b) children of Uniformed Services personnel. Data not available.

Elementary and Secondary Education

Public Law 815 - Construction

State or Outlying Area	1972 Estimate	1973 Estimate	1974 Estimate
TOTAL	$ 24,485,881	$ 15,910,000	$ 19,000,000
Alabama	2,043,639	---	297,990
Alaska	137,704	---	2,835,635
Arizona	3,602,047	1,617,149	4,631,948
Arkansas	261	713,152	---
California	11,956,282	6,705,113	2,884,379
Colorado	---	---	---
Connecticut	---	---	---
Delaware	---	---	---
Florida	---	---	---
Georgia	34,323	---	---
Hawaii	---	---	---
Idaho	---	---	---
Illinois	739	---	2,140,431
Indiana	161	---	---
Iowa	---	---	---
Kansas	---	50,677	549,613
Kentucky	1,244	---	---
Louisiana	116,513	304,140	---
Maine	---	---	---
Maryland	9,315	---	---

State or Outlying Area	1972 Estimate	1973 Estimate	1974 Estimate
Massachusetts	$ 1,813,949	$ ---	$ ---
Michigan	22,065	---	58,000
Minnesota	---	---	89,500
Mississippi	889,898	---	---
Missouri	385,294	---	844,760
Montana	75,599	1,708,609	1,129,000
Nebraska	128,872	968,000	---
Nevada	---	---	---
New Hampshire	---	---	---
New Jersey	-52	---	976,495
New Mexico	---	---	---
New York	346,018	---	---
North Carolina	---	---	---
North Dakota	182,870	---	---
Ohio	-1,909	1,875,000	---
Oklahoma	14,869	---	---
Oregon	6,501	---	---
Pennsylvania	---	---	---
Rhode Island	---	1,885,858	685,757
South Carolina	1,041,002	---	---
South Dakota	358,534	---	---
Tennessee	---	---	---
Texas	30,854	---	587,182
Utah	-16,969	---	---
Vermont	---	---	---
Virginia	-1,666	---	---
Washington	278,256	---	1,229,460
West Virginia	600,000	---	59,850
Wisconsin	---	---	---
Wyoming	868	82,302	---
District of Columbia	64,312	---	---
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	63,492	---	---
Trust Territory	---	---	---
Virgin Islands	---	---	---
Adjustment	300,996	---	---

NOTE: The 1972 figures are estimated obligations since these are no year funds and reconciliations are being carried out with the individual projects, this also accounts for minus entries where prior year funds have been returned. The 1973 and 1974 figures are appropriation estimates.

The 1972 figure excludes technical services.

Emergency School Assistance

STATEMENT OF DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

ACCOMPANIED BY:

- DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION DESIGNATE
- DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS
- DR. HERMAN R. GOLDBERG, ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY
- DR. WILLIAM ROCK, DEPUTY ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY (MANAGEMENT)
- GEORGE R. RHODES, JR., ACTING DEPUTY ASSOCIATE COMMISSIONER
- SUZANNE PRICE, ACTING DIRECTOR FOR DIVISION OF PROGRAM DEVELOPMENT FOR EQUAL EDUCATIONAL OPPORTUNITY (OPERATIONS)
- JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS
- JOE G. KEEN, BUDGET OFFICER
- TOM McNAMARA, BUDGET ANALYST
- CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator Stevens. You also have an emergency school assistance item, a request for $270,640,000 for emergency school assistance. This involves the Emergency School Aid Act of 1972, which was funded last October in the first supplemental bill. Do you have any new participants for this?

Mr. Mattheis. Yes, I do.

I would like to present them at this time. Sitting on my immediate right, Dr. Herman Goldberg, the Associate Commissioner for Equal Educational Opportunity. Next, Dr. William Rock, Deputy Associate Commissioner for Equal Educational Opportunity; and next to him, Mrs. Suzanne Price, Acting Director of the Division of Program Development.

Senator Stevens. Thank you. Mr. Miller is still omnipresent.

Mr. Miller. Ubiquitous. [General laughter.]

Mr. Mattheis. The 1974 budget request for emergency school assistance is $270,640,000. This is the amount appropriated in 1973 and, as in 1973, represents a consolidated request covering both the Emergency School Aid Act of 1972, and the closely related authorization, title IV of the 1964 Civil Rights Act.

BACKGROUND

During 1969 and 1970, a greater number of individual school districts were brought under court order to desegregate immediately than at any previous time. From these school districts, in increasing numbers, came requests, pleas, and occasional demands for assistance in meeting the many problems incident to the disestablishment of dual school systems. Prior to this time, Federal desegregation assistance was limited to the support activities prescribed under title IV of the Civil Rights Act.

Although numerous awards for advisory specialists and inservice teacher training programs had been made during the period 1965 through 1970, this type of assistance could not be used to support community activities, remedial programs, or other necessary services and activities.

These broader needs fostered the interim emergency school assistance program under which funds were provided in fiscal years 1971 and 1972 to school districts which were either under court order or implementing a voluntary plan to eliminate de jure segregation. Grants were also made to nonprofit community groups.

In fiscal 1973, pending enactment of the Emergency School Aid Act, the program continued funding of projects begun in fiscal year 1972 in order to maintain program momentum and valuable staff. To date 384 local educational agencies and 111 community groups have been funded in 1973, at a total cost of $18.5 million. The Emergency School Aid Act programs have now been put into operation, with new administrative guidelines. Interim emergency school assistance projects funded in fiscal year 1972 and continued in 1973 must compete with other projects for funding under the Emergency School Aid Act.

Concurrent with the interim emergency school assistance program and as a complementary activity, the program of desegregation assistance authorized by title IV of the Civil Rights Act of 1964 was continued. In fiscal year 1971, 215 awards totaling $15.9 million were made for these purposes; in fiscal year 1972, there were 183 awards totaling $14.5 million. To date in fiscal year 1973, 51 awards totaling $2.5 million have been made. The balance of title IV funds are expected to be obligated by June 30, 1973. This title IV support significantly eased the difficulties of those local educational agencies which were facing desegregation problems, but could not qualify for interim emergency school assistance support.

CURRENT AND PROJECTED ACTIVITIES

Funding in fiscal year 1973 under the new Emergency School Aid Act is now in its initial stages and is summarized below, as is projected funding for fiscal year 1974. References to fiscal year 1974 increases which follow reflect redistribution of the $21 million which in fiscal year 1973 was authorized for continuing emergency school assistance projects but in 1974 will be available for the Emergency School Aid Act, per se.

Funds for the eight statutorily reserved Emergency School Aid Act program activities are provided either as national set-asides or State apportionments. The five set-aside programs, metropolitan area projects, bilingual education projects, educational television, special programs and projects, and evaluation, together constitute 18 percent of the appropriated funds for the Emergency School Aid Act. In fiscal year 1973, this represents $41 million and will support an estimated 182 projects; our budget request for fiscal year 1974 would increase these programs by approximately $4 million.

The three State apportionment programs—(1) Basic, general grants to local educational agencies; (2) pilot projects; and (3) nonprofit projects—special programs and projects—represent the remaining 82 percent of appropriated funds for the Emergency School Aid Act. In fiscal year 1973, this represents $187 million—$135 million for basic grants, $34 million for pilot, and $18 million for nonprofit projects—which will support an estimated 1,275 projects—200 of these will be pilot, 300 nonprofit, and 775 basic. Our budget request for 1974 would increase these programs by $17 million and 350 projects, 200 of which would be basic—general—grants to local educational agencies. School districts receiving basic grants in fiscal year 1973 are expected to reduce minority group isolation for more than 650,000 children, with a substantial further reduction projected for fiscal year 1974. These districts are also expected to focus 75 percent of the awarded funds on reading, mathematics, and closely related instructional areas.

At present, the activities authorized by the title IV program are being focused to more fully complement activities provided by the Emergency School Aid Act of 1972. New title IV activities will reinforce the Emergency School Aid Act operations so that the two programs form a consistent, mutually supportive approach to school desegregation problems.

Thus, it can be expected that earlier patterns of title IV expenditures will be modified somewhat for new awards in fiscal year 1974, as well as in the balance of fiscal year 1973. Since new program guidelines and regulations are still being developed, we are yet several weeks away from allocating new awards and dollars by program activity. The general trend, however, will be a heavier emphasis on State education agency units, university centers and institutes, with a correspondingly lighter emphasis of grants to school districts—the latter need being largely met by the Emergency School Aid Act.

All funds obligated under the fiscal year 1973 appropriation will cover project expenses through fiscal year 1974, and, therefore, funds appropriated for fiscal year 1974 obligation will be also expended in fiscal year 1975.

My colleagues and I will be pleased to answer any questions you may have.

AUTHORIZATION VERSUS REQUEST

Senator **Stevens**. The perennial question in the Appropriations Committee is the problem of the authorization level.

Why did you ask for a billion-dollar authorization and call it an emergency program, and then request that we fund only one-fourth of the authorization?

Mr. **Mattheis**. A combination of things, Mr. Chairman, including the availability of total resources, a look at the needs of the school districts, and the demands that would be placed upon us under the act once it was enacted. I think a combination of these calls for a revision of the amount requested.

Dr. **Ottina.** Senator Stevens, I might add that in the initial request, our request was $500 million for 1973, and the Appropriations Committees ended up with an appropriation of $271 million which is what we had for this year.

Our experience this year has shown that their wisdom perhaps was better than ours, and that was about the amount that was needed, and therefore that is the basis of our request.

NUMBER OF SCHOOL DISTRICTS NEEDING ASSISTANCE

Senator **Stevens.** Now, in the 1974 budget, I am informed that you have got 975 school districts that would be supported. How does this compare to all districts that could be supported under this program?

Dr. **Goldberg.** Let me try to answer that. The number of school districts in the country needing help under the Emergency School Aid Act really cannot be determined because it is the decision of the school board as to whether or not they wish to apply.

In some cases, Mr. Chairman, there is a shaky local situation in terms of whether or not they are about to receive a court order to desegregate. Some districts have expressed to us the feeling that if they apply for funds before a court order has arrived, that might be an admission to the judge that they have a problem and they want money to alleviate the problem. In many cases, their testimony to date is that they have no problem.

So we are in that plateau situation in a number of places, but we do have applications from 1,465 districts, and we do expect to fund those districts. It is possible that when certain steps forward are made in those districts, they will apply next year. Impending court decisions might require us to rethink even the $271 million that is requested for the 1974 budget, but as of the moment, Dr. Ottina is correct that the results of the year's activity have indicated that the $271 million was adequate.

Senator **Stevens.** Perhaps clarification is needed here. I was told that 975 school districts sought support, but you say the number is 1,465.

Dr. **Goldberg.** 1,465 applications have come in this year. They will not all be funded. Some of them have difficulty with the Office of Civil Rights, but I am saying the range of the number of districts falls within that number.

Senator **Stevens.** Do you anticipate your programing to serve 975?

Dr. **Goldberg.** No. The 975 school districts, yes, but there will be nonprofit organizations coming out of the set-aside.

Senator **Stevens.** Then you are talking about the total applications received under the Act?

Dr. **Goldberg.** That is correct.

Senator **Stevens.** How many school districts are involved at present?

Dr. **Goldberg.** I can supply that exact number for the record.

Senator **Stevens.** Thank you.

[The information follows:]

Awards to school districts in fiscal year 1973 under the "Emergency School Assistance" basic grants to LEA's and pilot state apportionment provisions total 150 through Batch II funding. 450 basic grants and pilot applications are presently under review for award decisions to school districts in the third and final fiscal year 1973 funding batch.

CONJECTURE ON FUNDING ALL APPLICANTS

Senator STEVENS. I would like to make a comparison. If you funded all of the 1,465 applications, how much money would you need?

Dr. GOLDBERG. If we fund all of those, we will use more than the complete amount of money that was allocated for this year.

In other words, there are more requests for funds than there are funds.

Senator STEVENS. That is what I want to know.

Please provide that for the record if you will.

Dr. GOLDBERG. Yes, we will.

[The information follows:]

Funding Level for fiscal year 1973 for State Apportionment	$186,911,000
Funding Level Required to meet the 1,465 Applications for Funding	[1] 515,596,816

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[1] This figure does not account for reductions of the applicant's budget due to illegal or excessive costs, applications deemed ineligible by the Office of Civil Rights, or requests for applicants to resubmit their proposals as a result of qualitative and quantitative threshold reviews.

PROJECTIONS OF SCHOOL DISTRICTS TO BE FUNDED

Senator STEVENS. You are talking about fiscal year 1974?

Dr. GOLDBERG. I am sorry. The numbers I am referring to are the numbers we have in hand now, which will finish fiscal 1973 on June 30.

Senator STEVENS. But your proposal for the fiscal year 1974 budget is 975 school districts. I am trying to justify how we arrived at 975 school districts.

Mr. MATTHEIS. The number of school districts which we estimate will be funded in 1974, namely 975, is based on the 1,465 applications received this year, of which 775 will be funded. The first prerequisite of an application is a school district plan to reduce racial isolation which must be drawn up before the submission of a proposal. This school district planning for desegregation is a lengthy process and we anticipate that as more moneys become available more school districts will become involved.

Senator STEVENS. I am sure our colleagues are going to want to know if there is enough money in the budget to meet that anticipated increase. That is why I want to know how much you have projected for an increase.

Mr. MATTHEIS. What we are saying, Mr. Chairman, is that to the best of our knowledge, with the experience we have had this year, it will be sufficient. One would hasten to add, though, that as these applications come in—and they are numerous—that they go through a very stiff evaluation effort in our office, measured against a set of criteria with regard to what they are precisely doing and what moneys they are planning to spend for it.

There is a negotiated contractual arrangement with them. Their requests are very, very often more than the number of dollars that they should realistically expect to get and meet the intent of the law. What is realistically necessary for them, after negotiation, gets down to the figure that we are recommending for next year's budget.

Dr. **Goldberg.** Mr. Chairman, I think the record should show that an additional 200 districts are expected to be funded next year. Therefore, I think this was a proper estimate of 775 school districts with basic grants this fiscal year, plus the 200, making it 975 for next year.

CIVIL RIGHTS CLEARANCE

Senator **Stevens.** Can you tell us how the Office of Civil Rights review these applications for emergency school assistance?

Dr. **Goldberg.** Yes. The Office of Civil Rights is in charge of checking the civil rights assurances which are part of the Emergency School Aid Act. The Office of Civil Rights looks at the application to see first whether the district has violated in the past and has not yet corrected some of these assurances. They look for three basic things: first, sale of public property to private, segregated schools; second, disproportionate dismissals or demotions of minority faculty; third, disproportionate assignments of minority pupils in isolation from other pupils within the same building. In other words, a school district might have successfully submitted and received an award for its desegregation plan for its school district, but then looking at building by building pupil assignments, the Office of Civil Rights occasionally finds that classrooms within that structure are set apart, either for the full school day or for a disproportionate portion of that school day, and hence they ask for correction of those violations of the civil rights assurances.

Senator **Stevens.** Is this a post-award function rather than a clearance functions?

Dr. **Goldberg.** No; it is both. They have a preclearance and they have a monitoring function side by side with the Office of Education.

Mr. **Mattheis.** Their preclearance, Mr. Chairman, would be on the past behavior and actions of the district. They would have a post-activity of monitoring as well, but it is the preclearance that they exercise.

REVISED REGULATIONS

Senator **Stevens.** Now, we are told that you are going to issue new regulations for title IV.

Can you give us more details as to why these are necessary?

Are these related to advisory services for the schools?

Dr. **Goldberg.** The general assistance centers, university desegregation consulting centers are going to be receiving funds on the basis of new guidelines which were prompted by section 503 of the Education Amendments of 1972. This required the Office of Education to look at all existing laws and their accompanying guidelines and regulations to see if they meshed.

Noting that the title IV program was operating under older guidelines and with some change in conditions, the Office of General Counsel and the Bureau for Equal Educational Opportunity reworked those guidelines, submitted them for the necessary comment period, had sessions with interested constituents. and then they were published in the Federal Register.

The objective criteria by which the awards were made, made that whole process much tighter, and we hope that by the middle of June we can make awards to some 26 to 30 university desegregation centers as well as approximately 35 to 40 State education departments which will have EEO units, Equal Educational Opportunity units.

TECHNICAL ASSISTANCE

Senator STEVENS. Do these new regulations provide any limitations on the availability of technical assistance to schools?

Dr. GOLDBERG. No. School systems can apply to the centers for technical help as they prepare their plans for desegregation. There are no new limits. As a matter of fact, the whole process is being broadened so they can work with teachers; they can work with school boards; and they can have institutes for school board members; they can have institutes for administrators, for teachers, and for community groups.

Mr. MATTHEIS. As a matter of fact, Mr. Chairman, the whole technical assistance arena is substantially increased by the new legislation. We have Federal employees in the regional offices of education who are providing technical assistance to both the States and local school districts. This is a new activity that has fallen to us this last year since the passage of the new legislation.

Title IV is a continuing activity primarily centered on State departments of educations and universities. Technical assistance in this area has increased substantially over the past year.

Senator STEVENS. Are these the same as advisory services?

Mr. MATTHEIS. Yes.

Senator STEVENS. Do you draw the same interpretation of technical assistance as you do advisory services as far as this program is concerned?

Dr. GOLDBERG. Well, I think the technical term advisory specialist comes right from the civil rights law, Mr. Chairman. In the Civil Rights Law of 1964, title IV, the term advisory services is the term the Congress inserted to describe help given directly to school systems, whereas technical assistance is generally given to a specific area of the school system, the teachers, the others.

But the advisory specialist is a person who works with the superintendents and helps them reach the point where they may be ready to draw their desegregation guidelines.

Senator STEVENS. Thank you very much, gentlemen.

JUSTIFICATION

The justification for the budget request will be inserted in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

EMERGENCY SCHOOL ASSISTANCE

For carrying out the Emergency School Aid Act and title IV of the Civil Rights Act of 1964 relating to functions of the Commissioner of Education, [and emergency school assistance activities for which provision was made in the Joint Resolution of July 1, 1972 (Public Law 92-334),][1] $270,640,000. *(Supplemental Appropriations Act, 1973.)*

Explanation of Language Changes

1. The purpose of the temporary emergency school assistance program can be carried out under authority provided by the passage of the Emergency School Aid Act.

Amounts Available for Obligation

	1973	1974
Enacted supplemental Appropriation (Total, obligations)............	$ 270,640,000	$ 270,640,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Special projects:			
104	(a) Metropolitan area projects..	$ 11,397,000	$ 12,447,000	+ 1,050,000
105	(b) Bilingual education projects..................	9,117,000	9,958,000	+ 841,000
106	(c) Educational television......	6,838,000	7,468,000	+ 630,000
107	(d) Special programs and projects..................	11,397,000	12,447,000	+ 1,050,000
108	(e) Evaluation.................	2,280,000	2,489,000	+ 209,000
	State apportionment:			
109	(a) Pilot programs..............	34,191,000	37,341,000	+ 3,150,000
110	(b) Special programs and projects..................	18,235,000	19,915,000	+ 1,680,000
111	(c) General grants to local educational agencies......	134,485,000	146,875,000	+12,390,000
112	Training and advisory services (Civil Rights Act)..............	21,700,000	21,700,000	---
113	Temporary emergency school assistance program..................	21,000,000	---	-21,000,000
	Total obligations................	$270,640,000	$270,640,000	---

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other Services			
Project contracts...............	$ 3,280,000	$ 2,489,000	- 791,000
Grants, subsidies, and contributions...................	267,360,000	268,151,000	+ 791,000
Total obligations by object.....	$270,640,000	$270,640,000	---

Summary of Changes

1973 Estimated obligations...............................	$ 270,640,000
1974 Estimated obligations...............................	270,640,000
Net change...............................	---

	Base	Change from Base
Increases:		
A. Program:		
1. Special projects:		
(a) Metropolitan area projects....................	$ 11,397,000	$ 1,050,000
(b) Bilingual education projects..	9,117,000	841,000
(c) Educational television........	6,838,000	630,000
(d) Special programs and projects.	11,397,000	1,050,000
(e) Evaluation....................	2,280,000	209,000
2. State apportionment:		
(a) Pilot programs................	34,191,000	3,150,000
(b) Special programs and projects.	18,235,000	1,680,000
(c) General grants to local educational agencies........	134,485,000	12,390,000
Total, increases........		21,000,000
Decreases:		
A. Program:		
1. Temporary emergency school assistance program...........................	21,000,000	-21,000,000
Total, decreases.........		-21,000,000
Total, net change.............................		---

Explanation of Changes

Increases:

A. Program:

1. Special projects:

(a) Metropolitan area projects -- The $1,050,000 increase over the fiscal year 1973 funding level will allow an increase in the number of projects funded, from 22 in 1973 to 25 in 1974.

(b) Bilingual education projects -- The $841,000 increase over the fiscal year 1973 funding level will allow 7 more projects to be funded in 1974, an increase from 65 in 1973 to 72 in 1974.

(c) Educational television -- The additional $630,000 in fiscal year 1974 funds will allow expanded support to those projects funded in fiscal year 1973 and found to be effective.

(d) Special programs and projects -- 80 special projects can be funded at the fiscal year 1974 level of funding. This is an increase of 5 over the 75 special projects supported in fiscal year 1973.

(e) Evaluation -- Though the number of evaluation projects estimated to be funded in fiscal year 1974, with an increase of $209,000, is less than the 10 funded in 1973, the support given to each of the 7 projects will necessarily be more intensive, due to the fact that, in 1974, the projects will become fully operational.

2. State apportionment:

(a) Pilot programs -- The $3,150,000 increase over the fiscal year 1973 funding level will lead to an increase in the number of pilot programs supported, from 200 to 250.

(b) Special programs and projects -- 100 additional projects could be funded with the $1,680,000 increase over the fiscal year 1973 funding level. Thus, 400 projects will be supported in 1974, compared to 300 in 1973.

(c) General grants to local educational agencies -- The $12,390,000 increase will allow 200 additional districts to receive support for this program in fiscal year 1974. The 975 local educational agencies to be supported in 1974 compares to 775 in 1973.

Decreases:

A. Program:

1. Temporary emergency school assistance program -- The $21,000,000 decrease in fiscal year 1974 reflects the termination of this interim program. It was funded in fiscal year 1973 principally to maintain staff capabilities and program momentum, pending enactment and implementation of the Emergency School Aid Act. With the implementation of this Act, the interim program is no longer necessary.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Education Amendments of 1972, Title VII-Emergency School Aid Act.................	$1,000,000,000	$248,940,000
Civil Rights Act of 1964, Title IV-Desegregation of Public Education........	Indefinite	21,700,000

TITLE VII—EMERGENCY SCHOOL AID

SHORT TITLE

Sec. 701. This title may be cited as the "Emergency School Aid Act".

FINDINGS AND PURPOSE

Sec. 702. (a) The Congress finds that the process of eliminating or preventing minority group isolation and improving the quality of education for all children often involves the expenditure of additional funds to which local educational agencies do not have access.

(b) The purpose of this title is to provide financial assistance—

(1) to meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools;

(2) to encourage the voluntary elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students; and

(3) to aid school children in overcoming the educational disadvantages of minority group isolation.

POLICY WITH RESPECT TO THE APPLICATION OF CERTAIN PROVISIONS OF FEDERAL LAW

Sec. 703. (a) It is the policy of the United States that guidelines and criteria established pursuant to this title shall be applied uniformly in all regions of the United States in dealing with conditions of segregation by race in the schools of the local educational agencies of any State without regard to the origin or cause of such segregation.

(b) It is the policy of the United States that guidelines and criteria established pursuant to title VI of the Civil Rights Act of 1964 and section 182 of the Elementary and Secondary Education Amendments of 1966 shall be applied uniformly in all regions of the United States in dealing with conditions of segregation by race whether de jure or de facto in the schools of the local educational agencies of any State without regard to the origin or cause of such segregation.

78 Stat. 252.
42 USC 2000d.
80 Stat. 1209;
81 Stat. 787.
42 USC 2000d-5.

APPROPRIATIONS

Sec. 704. (a) The Assistant Secretary shall, in accordance with the provisions of this title, carry out a program designed to achieve the purpose set forth in section 702(b). There are authorized to be appropriated for the purpose of carrying out this title, $1,000,000,000 for the fiscal year ending June 30, 1973, and $1,000,000,000 for the fiscal year ending June 30, 1974. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

(b)(1) From the sums appropriated pursuant to subsection (a) for any fiscal year, the Assistant Secretary shall reserve an amount equal to 5 per centum thereof for the purposes of section 709.

(2) From the sums appropriated pursuant to subsection (a) for any fiscal year, the Assistant Secretary shall reserve an amount equal to 13 per centum thereof for the purposes of sections 708 (a) and (c). 711, and 713, of which—

(A) not less than an amount equal to 4 per centum of such sums shall be for the purposes of section 708(c); and

(B) not less than an amount equal to 3 per centum of such sums shall be for the purposes of section 711.

APPORTIONMENT AMONG STATES

Sec. 705. (a)(1) From the sums appropriated pursuant to section 704(a) which are not reserved under section 704(b) for any fiscal year, the Assistant Secretary shall apportion to each State for grants and contracts within that State $75,000 plus an amount which bears the same ratio to such sums as to the number of minority group children aged 5–17, inclusive, in that State bears to the number of such children in all States except that the amount apportioned to any State shall not be less than $100,000. The number of such children in each State and in all of the States shall be determined by the Assistant Secretary on the basis of the most recent available data satisfactory to him.

(2) The Assistant Secretary shall, in accordance with criteria established by regulation, reserve not in excess of 15 per centum of the sums appropriated pursuant to subsection 704(a) for grants to, and contracts with, local educational agencies in each State pursuant to section 706(b) to be apportioned to each State in accordance with paragraph (1) of this subsection.

(3) The Assistant Secretary shall reserve 8 per centum of the sums appropriated pursuant to subsection 704(a) for the purpose of section 708(b) to be apportioned to each State in accordance with paragraph (1) of this subsection.

(b)(1) The amount by which any apportionment to a State for a fiscal year under subsection (a) exceeds the amount which the Assistant Secretary determines will be required for such fiscal year for programs or projects within such State shall be available for reapportionment to other States in proportion to the original apportionments to such States under subsection (a) for that year, but with such proportionate amount for any such State being reduced to the extent it exceeds the sum the Assistant Secretary estimates such State needs and will be able to use for such year; and the total of such reductions shall be similarly reapportioned among the States whose proportionate amounts were not so reduced. Any amounts reapportioned to a State under this subsection during a fiscal year shall be deemed part of its apportionment under subsection (a) for such year.

(2) In order to afford ample opportunity for all eligible applicants in a State to submit applications for assistance under this title, the Assistant Secretary shall not fix a date for reapportionment, pursuant to this subsection, of any portion of any apportionment to a State for a fiscal year which date is earlier than sixty days prior to the end of such fiscal year.

(3) Notwithstanding the provisions of paragraph (1) of this subsection, no portion of any apportionment to a State for a fiscal year shall be available for reapportionment pursuant to this subsection unless the Assistant Secretary determines that the applications for assistance under this title which have been filed by eligible applicants in that State for which a portion of such apportionment has not been reserved (but which would necessitate use of that portion) are applications which do not meet the requirements of this title, as set forth in sections 706, 707, and 710, or which set forth programs or projects of such insufficient promise for achieving the purpose of this title stated in section 702(b) that their approval is not warranted.

ELIGIBILITY FOR ASSISTANCE

SEC. 706. (a)(1) The Assistant Secretary is authorized to make a grant to, or a contract with, a local educational agency—

(A) which is implementing a plan—

(i) which has been undertaken pursuant to a final order issued by a court of the United States, or a court of any State, or any other State agency or official of competent jurisdiction, and which requires the desegregation of minority group segregated children or faculty in the elementary and secondary schools of such agency, or otherwise requires the elimination or reduction of minority group isolation in such schools; or

(ii) which has been approved by the Secretary as adequate under title VI of the Civil Rights Act of 1964 for the desegregation of minority group segregated children or faculty in such schools; or

78 Stat. 252.
42 USC 2000d.

(B) which, without having been required to do so, has adopted and is implementing, or will, if assistance is made available to it under this title, adopt and implement, a plan for the complete elimination of minority group isolation in all the minority group isolated schools of such agency; or

(C) which has adopted and is implementing, or will, if assistance is made available to it under this Act, adopt and implement, a plan—

(i) to eliminate or reduce minority group isolation in one or more of the minority group isolated schools of such agency,

(ii) to reduce the total number of minority group children who are in minority group isolated schools of such agency, or

(iii) to prevent minority group isolation reasonably likely to occur (in the absence of assistance under this title) in any school in such district in which school at least 20 per centum but not more than 50 per centum, of the enrollment consists of such children, or

(D) which, without having been required to do so, has adopted and is implementing, or will, if assistance is made available to it under this title, adopt and implement a plan to enroll and educate in the schools of such agency children who would not otherwise be eligible for enrollment because of nonresidence in the school district of such agency, where such enrollment would make a significant contribution toward reducing minority group isolation in one or more of the school districts to which such plan relates.

Grants, contract authority.

(2)(A) The Assistant Secretary is authorized, in accordance with special eligibility criteria established by regulation for the purposes of this paragraph, to make grants to, and contracts with, local educational agencies for the purposes of section 709(a)(1).

(B) A local educational agency shall be eligible for assistance under this paragraph only if—

(i) such agency is located within, or adjacent to, a Standard Metropolitan Statistical Area;

(ii) the schools of such agency are not attended by minority group children in a significant number or proportion; and

(iii) such local educational agency has made joint arrangements with a local educational agency, located within that Standard Metropolitan Statistical Area, and the schools of which are attended by minority group children in a significant proportion, for the establishment or maintenance of one or more integrated schools as provided in section 720(6).

(3) Upon a determination by the Assistant Secretary—

(i) that more than 50 per centum of the number of children in attendance at the schools of a local educational agency is minority group children; and

(ii) that such local educational agency has applied for and will receive at least an equal amount of assistance under subsection (b);

the Assistant Secretary is authorized to make a grant to, or contract with, such local educational agency for the establishment or maintenance of one or more integrated schools as defined in section 720(7).

(b) The Assistant Secretary is authorized to make grants to, or contracts with, local educational agencies, which are eligible under subsection (a), for unusually promising pilot programs or projects designed to overcome the adverse effects of minority group isolation by improving the academic achievement of children in one or more minority group isolated schools, if he determines that the local educational agency had a number of minority group children enrolled in its schools, for the fiscal year preceding the fiscal year for which assistance is to be provided, which (1) is at least 15,000, or (2) constitutes more than 50 per centum of the total number of children enrolled in such schools.

Limitation.

(c) No local educational agency making application under this section shall be eligible to receive a grant or contract in an amount in excess of the amount determined by the Assistant Secretary, in accordance with regulations setting forth criteria established for such purpose, to be the additional cost to the applicant arising out of activities authorized under this title, above that of the activities normally carried out by the local educational agency.

(d)(1) No educational agency shall be eligible for assistance under this title if it has, after the date of enactment of this title—

(A) transferred (directly or indirectly by gift, lease, loan, sale, or other means) real or personal property to, or made any services available to, any transferee which it knew or reasonably should have known to be a nonpublic school or school system (or any organization controlling, or intending to establish, such a school or school system) without prior determination that such nonpublic school or school system (i) is not operated on a racially segregated basis as an alternative for children seeking to avoid attendance in desegregated public schools, and (ii) does not otherwise practice, or permit to be practiced, discrimination on the basis of race, color, or national origin in the operation of any school activity;

(B) had in effect any practice, policy, or procedure which results in the disproportionate demotion or dismissal of instructional or other personnel from minority groups in conjunction with desegregation or the implementation of any plan or the conduct of any activity described in this section, or otherwise engaged in discrimination based upon race, color, or national origin in the hiring, promotion, or assignment of employees of the agency (or other personnel for whom the agency has any administrative responsibility);

(C) in conjunction with desegregation or the conduct of an activity described in this section, had in effect any procedure for the assignment of children to or within classes which results in the separation of minority group from nonminority group children for a substantial portion of the school day, except that this clause does not prohibit the use of bona fide ability grouping by a local educational agency as a standard pedagogical practice; or

(D) had in effect any other practice, policy, or procedure, such as limiting curricular or extracurricular activities (or participation therein by children) in order to avoid the participation of minority group children in such activities, which discriminates among children on the basis of race, color, or national origin;

Ineligibility, waiver.

except that, in the case of any local educational agency which is ineligible for assistance by reason of clause (A), (B), (C), or (D), such agency may make application for a waiver of ineligibility, which application shall specify the reason for its ineligibility, contain such information and assurances as the Secretary shall require by regulation in order to insure that any practice, policy, or procedure, or other activity resulting in the ineligibility has ceased to exist or occur and include such provisions as are necessary to insure that such activities do not reoccur after the submission of the application.

Waiver application, approval.

(2) Applications for waivers under paragraph (1) may be approved only by the Secretary. The Secretary's functions under this paragraph shall, notwithstanding any other provision of law, not be delegated.

(3) Applications for waiver shall be granted by the Secretary upon determination that any practice, policy, procedure or other activity resulting in ineligibility has ceased to exist, and that the applicant has given satisfactory assurance that the activities prohibited in this subsection will not reoccur.

(4) No application for assistance under this title shall be approved prior to a determination by the Secretary that the applicant is not ineligible by reason of this subsection.

(5) All determinations pursuant to this subsection shall be carried out in accordance with criteria and investigative procedures established by regulations of the Secretary for the purpose of compliance with this subsection.

Notice to congressional committees.

(6) All determinations and waivers pursuant to this subsection shall be in writing. The Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives shall each be given notice of an intention to grant any waiver under this subsection, which notice shall be accompanied by a copy of the proposed waiver for which notice is given and copies of all determinations relating to such waiver. The Assistant Secretary shall not approve an application by a local educational agency which requires a waiver under this subsection prior to 15 days after receipt of the notice required by the preceding sentence by the chairman of the Committee on Labor and Public Welfare of the Senate and the chairman of the Committee on Education and Labor of the House of Representatives.

AUTHORIZED ACTIVITIES

SEC. 707. (a) Financial assistance under this title (except as provided by sections 708, 709, and 711) shall be available for programs and projects which would not otherwise be funded and which involve activities designed to carry out the purpose of this title stated in section 702(b):

Special remedial services.

(1) Remedial services, beyond those provided under the regular school program conducted by the local educational agency, including student to student tutoring, to meet the special needs of children (including gifted and talented children) in schools which are affected by a plan or activity described in section 706 or a program described in section 708, when such services are deemed necessary to the success of such plan, activity, or program.

Professional staff.

(2) The provision of additional professional or other staff members (including staff members specially trained in problems incident to desegregation or the elimination, reduction, or prevention of minority group isolation) and the training and retraining of staff for such schools.

Teacher aides.

(3) Recruiting, hiring, and training of teacher aides, provided that in recruiting teacher aides, preference shall be given to parents of children attending schools assisted under this title.

Inservice teacher training.

(4) Inservice teacher training designed to enhance the success of schools assisted under this title through contracts with institutions of higher education, or other institutions, agencies, and organizations individually determined by the Assistant Secretary to have special competence for such purpose.

Counseling.

(5) Comprehensive guidance, counseling, and other personal services for such children.

New curricula, minority language.

(6) The development and use of new curricula and instructional methods, practices, and techniques (and the acquisition of instructional materials relating thereto) to support a program of instruction for children from all racial, ethnic, and economic backgrounds, including instruction in the language and cultural heritage of minority groups.

Career education.

(7) Educational programs using shared facilities for career education and other specialized activities.

Innovative interracial programs.

(8) Innovative interracial educational programs or projects involving the joint participation of minority group children and other children attending different schools, including extracurricular activities and cooperative exchanges or other arrangements between schools within the same or different school districts.

Community activities.

(9) Community activities, including public information efforts in support of a plan, program, project, or activity described in this title.

Administrative services.

(10) Administrative and auxiliary services to facilitate the success of the program, project, or activity.

Planning and evaluation.

(11) Planning programs, projects, or activities under this title, the evaluation of such programs, projects, or activities, and dissemination of information with respect to such programs, projects, or activities.

Facility remodeling; mobile units.

(12) Repair or minor remodeling or alteration of existing school facilities (including the acquisition, installation, modernization, or replacement of instructional equipment) and the lease or purchase of mobile classroom units or other mobile education facilities.

Restriction.

In the case of programs, projects, or activities involving activities described in paragraph (12), the inclusion of such activities must be found to be a necessary component of, or necessary to facilitate, a program or project involving other activities described in this subsection or subsection (b), and in no case involve an expenditure in excess of 10 per centum of the amount made available to the applicant to carry out the program, project, or activity. The Assistant Secretary shall by regulation define the term "repair or minor remodeling or alteration".

Definition by regulation.

(b) Sums reserved under section 705(a)(2) with respect to any State shall be available for grants to, and contracts with, local educational agencies in that State making application for assistance under section 706(b) to carry out innovative pilot programs and projects which are specifically designed to assist in overcoming the adverse effects of minority group isolation, by improving the educational achievement of children in minority group isolated schools, including only the activities described in paragraphs (1) through (12) of subsection (a), as they may be used to accomplish such purpose.

SPECIAL PROGRAMS AND PROJECTS

Grants, contract authority.

SEC. 708. (a)(1) Amounts reserved by the Assistant Secretary pursuant to section 704(b)(2), which are not designated for the purposes of clause (A) or (B) thereof, or for section 713 shall be available to him for grants and contracts under this subsection.

(2) The Assistant Secretary is authorized to make grants to, and contracts with, State and local educational agencies, and other public agencies and organizations (or a combination of such agencies and organizations) for the purpose of conducting special programs and projects carrying out activities otherwise authorized by this title, which the Assistant Secretary determines will make substantial progress toward achieving the purposes of this title.

(b)(1) From not more than one-half of the sums reserved pursuant to section 705(a)(3), the Assistant Secretary, in cases in which he finds that it would effectively carry out the purpose of this title stated in section 702(b), may assist by grant or contract any public or private nonprofit agency, institution, or organization (other than a local educational agency) to carry out programs or projects designed to support the development or implementation of a plan, program, or activity described in section 706(a).

(2) From the remainder of the sums reserved pursuant to section 705(a)(3), the Assistant Secretary is authorized to make grants to, and contracts with, public and private nonprofit agencies, institutions, and organizations (other than local educational agencies and nonpublic elementary and secondary schools) to carry out programs or projects designed to support the development or implementation of a plan, program, or activity described in section 706(a).

Bilingual education.

(c)(1) The Assistant Secretary shall carry out a program to meet the needs of minority group children who are from an environment in which a dominant language is other than English and who, because of language barriers and cultural differences, do not have equality of educational opportunity. From the amount reserved pursuant to section 704(b)(2)(A), the Assistant Secretary is authorized to make grants to, and contracts with—

(A) private nonprofit agencies, institutions, and organizations to develop curricula, at the request of one or more educational agencies which are eligible for assistance under section 706, designed to meet the special educational needs of minority group children who are from environments in which a dominant language is other than English, for the development of reading, writing, and speaking skills, in the English language and in the language of their parents or grandparents, and to meet the educational needs of such children and their classmates to understand the history and cultural background of the minority groups of which such children are members;

(B) local educational agencies eligible for assistance under section 706 for the purpose of engaging in such activities; or

(C) local educational agencies which are eligible to receive assistance under section 706, for the purpose of carrying out activities authorized under section 707(a) of this title to implement curricula developed under clauses (A) and (B) or curricula otherwise developed which the Assistant Secretary determines meets the purposes stated in clause (A).

In making grants and contracts under this paragraph, the Assistant Secretary shall assure that sufficient funds from the amount reserved pursuant to section 704(b)(2)(A) remain available to provide for grants and contracts under clause (C) of this paragraph for implementation of such curricula as the Assistant Secretary determines meet the purposes stated in clause (A) of this paragraph. In making a grant or contract under clause (C) of this paragraph, the Assistant Secretary shall take whatever action is necessary to assure that the implementation plan includes provisions adequate to insure training of teachers and other ancillary educational personnel.

Eligibility, program committee.

(2)(A) In order to be eligible for a grant or contract under this subsection—

(i) a local educational agency must establish a program or project committee meeting the requirements of subparagraph (B), which will fully participate in the preparation of the application under this subsection and in the implementation of the program or project and join in submitting such application; and

(ii) a private nonprofit agency, institution, or organization must (I) establish a program or project board of not less than ten members which meets the requirements of subparagraph (B) and which shall exercise policymaking authority with respect to the program or project and (II) have demonstrated to the Assistant Secretary that it has the capacity to obtain the services of adequately trained and qualified staff.

(B) A program or project committee or board, established pursuant to subparagraph (A) must be broadly representative of parents, school officials, teachers, and interested members of the community or communities to be served, not less than half of the members of which shall be parents and not less than half of the members of which shall be members of the minority group the educational needs of which the program or project is intended to meet.

(3) All programs or projects assisted under this subsection shall be specifically designed to complement any programs or projects carried out by the local educational agency under section 706. The Assistant Secretary shall insure that programs of Federal financial assistance related to the purposes of this subsection are coordinated and carried out in a manner consistent with the provisions of this subsection, to the extent consistent with other law.

METROPOLITAN AREA PROJECTS

SEC. 709. (a) Sums reserved pursuant to section 704(b)(1) shall be available for the following purposes:

(1) A program of grants to, and contracts with, local educational agencies which are eligible under section 706(a)(2) in order to assist them in establishing and maintaining integrated schools as defined in section 720(6)

(2) A program of any grant to groups of local educational agencies located in a Standard Metropolitan Statistical Area for the joint development of a plan to reduce and eliminate minority group isolation, to the maximum extent possible, in the public elementary and secondary schools in the Standard Metropolitan Statistical Area, which shall, as a minimum, provide that by a date certain, but in no event later than July 1, 1983, the percentage of minority group children enrolled in each school in the Standard Metropolitan Statistical Area shall be at least 50 per centum of the percentage of minority group children enrolled in all the schools in the Standard Metropolitan Statistical Area. No grant may be made under this paragraph unless—

Restriction.

(A) two-thirds or more of the local educational agencies in the Standard Metropolitan Statistical Area have approved the application, and

(B) the number of students in the schools of the local educational agencies which have approved the application constitutes two-thirds or more of the number of students in the schools of all the local educational agencies in the Standard Metropolitan Statistical Area.

(3) A program of grants to local educational agencies to pay all or part of the cost of planning and constructing integrated education parks. For the purpose of this paragraph, the term "education park" means a school or cluster of such schools located on a common site, within a Standard Metropolitan Statistical Area, of sufficient size to achieve maximum economy of scale consistent with sound educational practice, providing secondary education, with an enrollment in which a substantial proportion of the children is from educationally advantaged backgrounds, and which is representative of the minority group and nonminority group children in attendance at the schools of the local educational agencies in the Standard Metropolitan Statistical Area, or, if the applicant is a single local educational agency, representative of that of the local educational agency, and a faculty and administrative staff with substantial representation of minority group persons.

"Education park."

(b) In making grants and contracts under this section, the Assistant Secretary shall insure that at least one grant shall be for the purposes of paragraph (2) of subsection (a).

APPLICATIONS

Sec. 710. (a) Any local educational agency desiring to receive assistance under this title for any fiscal year shall submit to the Assistant Secretary an application therefor for that fiscal year at such time, in such form, and containing such information as the Assistant Secretary shall require by regulation. Such application, together with all correspondence and other written materials relating thereto, shall be made readily available to the public by the applicant and by the Assistant Secretary. The Assistant Secretary may approve such an application only if he determines that such application—

Public information.

Approval, conditions.

(1) in the case of applications under section 706, sets forth a program under which, and such policies and procedures as will assure that, (A) the applicant will use the funds received under this title only for the activities set forth in section 707 and (B) in the case of an application under section 706(b), the applicant will initiate or expand an innovative program specifically designed to meet the educational needs of children attending one or more minority group isolated schools;

(2) has been developed—

Public hearings.

(A) in open consultation with parents, teachers, and, where applicable, secondary school students, including public hearings at which such persons have had a full opportunity to understand the program for which assistance is being sought and to offer recommendations thereon, and

Parental committee.

(B) except in the case of applications under section 708(c), with the participation of a committee composed of parents of children participating in the program for which assistance is sought, teachers, and, where applicable, secondary school students, of which at least half the members shall be such parents, and at least half shall be persons from minority groups;

(3) sets forth such policies and procedures as will insure that the program for which assistance is sought will be operated in consultation with, and with the involvement of, parents of the children and representatives of the area to be served, including the committee established for the purposes of clause (2)(B);

(4) sets forth such policies and procedures, and contains such information, as will insure that funds paid to the applicant under the application will be used solely to pay the additional cost to the applicant in carrying out the plan, program, and activity described in the application;

(5) contains such assurances and other information as will insure that the program for which assistance is sought will be administered by the applicant, and that any funds received by the applicant, and any property derived therefrom, will remain under the administration and control of the applicant;

(6) sets forth assurances that the applicant is not reasonably able to provide, out of non-Federal sources, the assistance for which the application is made;

Freedom of choice.

(7) provides that the plan with respect to which such agency is seeking assistance (as specified in section 706(a)(1)(A) does not involve freedom of choice as a means of desegregation, unless the Assistant Secretary determines that freedom of choice has achieved, or will achieve, the complete elimination of a dual school system in the school district of such agency;

(8) provides assurances that for each academic year for which assistance is made available to the applicant under this title such agency has taken or is in the process of taking all practicable steps to avail itself of all assistance for which it is eligible under any program administered by the Commissioner;

(9) provides assurances that such agency will carry out, and comply with, all provisions, terms, and conditions of any plan, program, or activity as described in section 706 or section 708(c) upon which a determination of its eligibility for assistance under this title is based;

Non-Federal funds, supplantation, prohibition.

(10) sets forth such policies and procedures, and contains such information, as will insure that funds made available to the applicant (A) under this title will be so used (i) as to supplement and, to the extent practicable, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources for the purposes of the program for which assistance is sought, and for promoting the integration of the schools of the applicant, and for the education of children participating in such program, and (ii) in no case, as to supplant such funds from non-Federal sources, and (B) under any other law of the United States will, in accordance with standards established by regulation, be used in coordination with such programs to the extent consistent with such other law;

(11) in the case of an application for assistance under section 706, provides that the program, project, or activity to be assisted will involve an additional expenditure per pupil to be served, determined in accordance with regulations prescribed by the Assistant Secretary, of sufficient magnitude to provide reasonable assurance that the desired funds under this title will not be dispersed in such a way as to undermine their effectiveness;

Private schools.

(12) provides that (A) to the extent consistent with the number of minority group children in the area to be served who are enrolled in private nonprofit elementary and secondary schools which are operated in a manner free from discrimination on the basis of race, color, or national origin, and which do not serve as alternatives for children seeking to avoid attendance in desegregated or integrated public schools, whose participation would assist in achieving the purpose of this title stated in section 702(b) provides assurance that such agency (after consultation with the appropriate private school officials) has made provision for their participation on an equitable basis, and (B) to the extent consistent with the number of children, teachers, and other educational staff in the school district of such agency enrolled or employed in private nonprofit elementary and secondary schools whose participation would assist in achieving the purpose of this title stated in section 702(b) or, in the case of an application under section 708(c), would assist in meeting the needs described in that subsection, such agency (after consultation with the appropriate private school officials) has made provisions for their participation on an equitable basis;

(13) provides that the applicant has not reduced its fiscal effort for the provision of free public education for children in attendance at the schools of such agency for the fiscal year for which assistance is sought under this title to less than that of the second preceding fiscal year, and that the current expenditure per pupil which such agency makes from revenues derived from its local sources for the fiscal year for which assistance under this title will be made available to such agency is not less than such expenditure per pupil which such agency made from such revenues for (A) the fiscal year preceding the fiscal year during which the implementation of a plan described in section 706(a)(1)(A) was commenced, or (B) the third fiscal year preceding the fiscal year for which such assistance will be made available under this title, whichever is later;

(14) provides that the appropriate State educational agency has been given reasonable opportunity to offer recommendations to the applicant and to submit comments to the Assistant Secretary;

(15) sets forth effective procedures, including provisions for objective measurement of change in educational achievement and other change to be effected by programs conducted under this title, for the continuing evaluation of programs, projects, or activities under this title, including their effectiveness in achieving clearly stated program goals, their impact on related programs and upon the community served, and their structure and mechanisms for the delivery of services, and including, where appropriate, comparisons with proper control groups composed of persons who have not participated in such programs or projects; and

Reports.

(16) provides (A) that the applicant will make periodic reports at such time, in such form, and containing such information as the Assistant Secretary may require by regulation, which regulation may require at least—

(i) in the case of reports relating to performance, that the reports be consistent with specific criteria related to the program objectives, and

Records, accessibility.

(ii) that the reports include information relating to educational achievement of children in the schools of the applicant, and (B) that the applicant will keep such records and afford such access thereto as—

(i) will be necessary to assure the correctness of such reports and to verify them, and

(ii) will be necessary to assure the public adequate access to such reports and other written materials.

Committee comments, hearing opportunity.

(b) No application under this section may be approved which is not accompanied by the written comments of a committee established pursuant to clause (2)(B) of subsection (a). The Assistant Secretary shall not approve an application without first affording the committee an opportunity for an informal hearing if the committee requests such a hearing.

(c) In approving applications submitted under this title (except for those submitted under sections 708 (b) and (c) and 711), the Assistant Secretary shall apply only the following criteria:

(1) the need for assistance, taking into account such factors as—

(A) the extent of minority group isolation (including the number of minority group isolated children and the relative concentration of such children) in the school district to be served as compared to other school districts in the State,

(B) the financial need of such school district as compared to other school districts in the State,

(C) the expense and difficulty of effectively carrying out a plan or activity described in section 706 or a program described in section 708(a) in such school district as compared to other school districts in the State, and

(D) the degree to which measurable deficiencies in the quality of public education afforded in such school district exceed those of other school districts within the State;

(2) the degree to which the plan or activity described in section 706(a), and the program or project to be assisted, or the program described in section 708(a) are likely to effect a decrease in minority group isolation in minority group isolated schools, or in the case of applications submitted under section 706 (a)(1)(C)(iii), the degree to which the plan and the program or project, are likely to prevent minority group isolation from occurring or increasing (in the absence of assistance under this title);

(3) the extent to which the plan or activity described in section 706 constitutes a comprehensive districtwide approach to the elimination of minority groups isolation, to the maximum extent practicable, in the schools of such school district;

(4) the degree to which the program, project, or activity to be assisted affords promise of achieving the purpose of this title stated in section 702(b);

(5) that (except in the case of an application submitted under section 708(a)) the amount necessary to carry out effectively the project or activity does not exceed the amount available for assistance in the State under this title in relation to the other applications from the State pending before him; and

(6) the degree to which the plan or activity described in section 706 involves to the fullest extent practicable the total educational resources, both public and private, of the community to be served.

(d)(1) The Assistant Secretary shall not give less favorable consideration to the application of a local educational agency (including an agency currently classified as legally desegregated by the Secretary) which has voluntarily adopted a plan qualified for assistance under this title (due only to the voluntary nature of the action) than to the application of a local educational agency which has been legally required to adopt such a plan.

(2) The Assistant Secretary shall not finally disapprove in whole or in part any application for funds submitted by a local educational agency without first notifying the local educational agency of the specific reasons for his disapproval and without affording the agency an appropriate opportunity to modify its application.

(e) The Assistant Secretary may, from time to time, set dates by which applications shall be filed.

(f) In the case of an application by a combination of local educational agencies for jointly carrying out a program or project under this title, at least one such agency shall be a local educational agency described in section 706(a) or section 708 (a) or (c) and any one or more of such agencies joining in such application may be authorized to administer such program or project.

(g) No State shall reduce the amount of State aid with respect to the provision of free public education in any school district of any local educational agency within such State because of assistance made or to be made available to such agency under this title.

EDUCATIONAL TELEVISION

SEC. 711. (a) The sums reserved pursuant to section 704(b)(2)(B) for the purpose of carrying out this section shall be available for grants and contracts in accordance with subsection (b).

(b)(1) The Assistant Secretary shall carry out a program of making grants to, or contracts with, not more than ten public or private nonprofit agencies, institutions, or organizations with the capability of providing expertise in the development of television programing, in sufficient number to assure diversity, to pay the cost of development and production of integrated children's television programs of cognitive and effective educational value.

(2) Television programs developed in whole or in part with assistance provided under this title shall be made reasonably available for transmission, free of charge, and shall not be transmitted under commercial sponsorship.

(3) The Assistant Secretary may approve an application under this section only if he determines that the applicant—

(A) will employ members of minority groups in responsible positions in development, production, and administrative staffs;

(B) will use modern television techniques of research and production; and

(C) has adopted effective procedures for evaluating education and other change achieved by children viewing the program.

PAYMENTS

SEC. 712. (a) Upon his approval of an application for assistance under this title, the Assistant Secretary shall reserve from the applicable apportionment (including any applicable reapportionment) available therefor the amount fixed for such application.

(b) The Assistant Secretary shall pay to the applicant such reserved amount, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

(c) (1) If a local educational agency in a State is prohibited by law from providing for the participation of children and staff enrolled or employed in private nonprofit elementary and secondary schools as required by paragraph (12) of section 710(a), the Assistant Secretary may waive such requirement with respect to local educational agencies in such State and, upon the approval of an application from a local educational agency within such State, shall arrange for the provision of services to such children enrolled in, or teachers or other educational staff of, any nonprofit private elementary or secondary school located within the school district of such agency if the participation of such children and staff would assist in achieving the purpose of this title stated in section 702(b) or in the case of an application under section 708(c) would assist in meeting the needs described in that subsection. The services to be provided through arrangements made by the Assistant Secretary under this paragraph shall be comparable to the services to be provided by such local educational agency under such application. The Assistant Secretary shall pay the cost of such arrangements from such State's allotment or, in the case of an application under section 708(c), from the funds reserved under section 704(b)(2)(A), or in case of an application under section 708(a), from the sums available to the Assistant Secretary under section 704(b)(2) for the purpose of that subsection.

(2) In determining the amount to be paid pursuant to paragraph (1), the Assistant Secretary shall take into account the number of children and teachers and other educational staff who, except for provisions of State law, might reasonably be expected to participate in the program carried out under this title by such local educational agency.

(3) If the Assistant Secretary determines that a local educational agency has substantially failed to provide for the participation on an equitable basis of children and staff enrolled or employed in private nonprofit elementary and secondary schools as required by paragraph (12) of section 710(a) he shall arrange for the provision of services to children enrolled in, or teachers or other educational staff of, the nonprofit private elementary or secondary school or schools located within the school district of such local educational agency, which services shall, to the maximum extent feasible, be identical with the services which would have been provided such children or staff had the local educational agency carried out such assurance. The Assistant Secretary shall pay the cost of such services from the grant to such local educational agency and shall have the authority for this purpose of recovering from such agency any funds paid to it under such grant.

(d) After making a grant or contract under this title, the Assistant Secretary shall notify the appropriate State educational agency of the name of the approved applicant and of the amount approved.

EVALUATIONS

Sec. 713. The Assistant Secretary is authorized to reserve not in excess of 1 per centum of the sums appropriated under this title, and reserved pursuant to section 704(b)(2), for any fiscal year for the purposes of this section. From such reservation, the Assistant Secretary is authorized to make grants to, and contracts with, State educational agencies, institutions of higher education and private organizations, institutions, and agencies, including committees established pursuant to section 710(a)(2) for the purpose of evaluating specific programs and projects assisted under this title.

REPORTS

SEC. 714. The Assistant Secretary shall make periodic detailed reports concerning his activities in connection with the program authorized by this title and the program carried out with appropriations under the paragraph headed "Emergency School Assistance" in the Office of Education Appropriations Act, 1971 (Public Law 91–380), and the effectiveness of programs and projects assisted under this title in achieving the purpose of this title stated in section 702(b). Such reports shall contain such information as may be necessary to permit adequate evaluation of the program authorized by this title, and shall include application forms, regulations, program guides, and guidelines used in the administration of the program. The report shall be submitted to the President and to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives. The first report submitted pursuant to this section shall be submitted no later than ninety days after the enactment of this title. Subsequent reports shall be submitted no less often than two times annually.

84 Stat. 803.

Report to President and congressional committees.

JOINT FUNDING

SEC. 715. Pursuant to regulations prescribed by the President, where funds are advanced under this title, and by one or more other Federal agencies for any project or activity funded in whole or in part under this title, any one of such Federal agencies may be designated to act for all in administering the funds advanced. In such cases, any such agency may waive any technical grant or contract requirement (as defined by regulations) which is inconsistent with the similar requirements of the administering agency or which the administering agency does not impose. Nothing in this section shall be construed to authorize (1) the use of any funds appropriated under this title for any purpose not authorized herein, (2) a variance of any reservation or apportionment under section 704 or 705, or (3) waiver of any requirement set forth in sections 706 through 711.

Waiver.

NATIONAL ADVISORY COUNCIL

SEC. 716. (a) There is hereby established a National Advisory Council on Equality of Educational Opportunity, consisting of fifteen members, at least one-half of whom shall be representative of minority groups, appointed by the President, which shall—

Establishment.

(1) advise the Assistant Secretary with respect to the operation of the program authorized by this title, including the preparation of regulations and the development of criteria for the approval of applications;

(2) review the operation of the program (A) with respect to its effectiveness in achieving its purpose as stated in section 702(b), and (B) with respect to the Assistant Secretary's conduct in the administration of the program;

(3) meet not less than four times in the period during which the program is authorized, and submit through the Secretary, to the Congress at least two interim reports, which reports shall include a statement of its activities and of any recommendations it may have with respect to the operation of the program; and

(4) not later than December 1, 1973, submit to the Congress a final report on the operation of the program.

Report to Congress.

(b) The Assistant Secretary shall submit an estimate in the same manner provided under section 400(c) and part D of the General Education Provisions Act to the Congress for the appropriations necessary for the Council created by subsection (a) to carry out its functions.

Ante, pp. 326, 327.

GENERAL PROVISIONS

Ante, p. 326.

SEC. 717. (a) The provisions of parts C and D of the General Education Provisions Act shall apply to the program of Federal assistance authorized under this title as if such program were an applicable program under such General Education Provisions Act, and the Assistant Secretary shall have the authority vested in the Commissioner of Education by such parts with respect to such program.

Ante, p.354.
80 Stat. 1066.
20 USC 1171 note.

(b) Section 422 of such General Education Provisions Act is amended by inserting "the Emergency School Aid Act;" after "the International Education Act of 1966;".

ATTORNEY FEES

78 Stat. 252.
42 USC 2000d.
USC prec. title 1.

SEC. 718. Upon the entry of a final order by a court of the United States against a local educational agency, a State (or any agency thereof), or the United States (or any agency thereof), for failure to comply with any provision of this title or for discrimination on the basis of race, color, or national origin in violation of title VI of the Civil Rights Act of 1964, or the fourteenth amendment to the Constitution of the United States as they pertain to elementary and secondary education, the court, in its discretion, upon a finding that the proceedings were necessary to bring about compliance, may allow the prevailing party, other than the United States, a reasonable attorney's fee as part of the costs.

NEIGHBORHOOD SCHOOLS

SEC. 719. Nothing in this title shall be construed as requiring any local educational agency which assigns students to schools on the basis of geographic attendance areas drawn on a racially nondiscriminatory basis to adopt any other method of student assignment.

DEFINITIONS

SEC. 720. Except as otherwise specified, the following definitions shall apply to the terms used in this title:

(1) The term "Assistant Secretary" means the Assistant Secretary of Health, Education, and Welfare for Education.

(2) The term "current expenditure per pupil" for a local educational agency means (1) the expenditures for free public education, including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay and debt service, or any expenditure made from funds granted under such Federal program of assistance as the Secretary may prescribe, divided by (2) the number of children in average daily attendance to whom such agency provided free public education during the year for which the computation is made.

(3) The term "elementary school" means a day or residential school which provides elementary education, as determined under State law.

(4) The term "equipment" includes machinery, utilities and built-in equipment and any necessary enclosures or structures to house them, and includes all other items necessary for the provision of educational services, such as instructional equipment and necessary furniture, printed, published, and audiovisual instructional materials, and other related material.

(5) The term "institution of higher education" means an educational institution in any State which—

(A) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

(B) is legally authorized within such State to provide a program of education beyond high school;

(C) provides an educational program for which it awards a bachelor's degree; or provides not less than a two-year program which is acceptable for full credit toward such a degree, or offers a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge;

(D) is a public or other nonprofit institution; and

(E) is accredited by a nationally recognized accrediting agency or association listed by the Commissioner for the purposes of this paragraph.

(6) For the purpose of section 706(a)(2) and section 709(a)(1), the term "integrated school" means a school with an enrollment in which a substantial proportion of the children is from educationally advantaged backgrounds, in which the proportion of minority group children is at least 50 per centum of the proportion of minority group children enrolled in all schools of the local educational agencies within the Standard Metropolitan Statistical Area, and which has a faculty and administrative staff with substantial representation of minority group persons.

(7) For the purpose of section 706(a)(3), the term "integrated school" means a school with (i) an enrollment in which a substantial proportion of the children is from educationally advantaged backgrounds, and in which the Assistant Secretary determines that the number of nonminority group children constitutes that proportion of the enrollment which will achieve stability, in no event more than 65 per centum thereof, and (ii) a faculty which is representative of the minority group and nonminority group population of the larger community in which it is located, or, whenever the Assistant Secretary determines that the local educational agency concerned is attempting to increase the proportions of minority group teachers, supervisors, and administrators in its employ, a faculty which is representative of the minority group and nonminority group faculty employed by the local educational agency.

(8) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or a federally recognized Indian reservation, or such combination of school districts, or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools, or a combination of local educational agencies; and includes any other public institution or agency having administrative control and direction of a public elementary or secondary school and where responsibility for the control and direction of the activities in such schools which are to be assisted under this title is vested in an agency subordinate to such a board or other authority, the Assistant Secretary may consider such subordinate agency as a local educational agency for purpose of this title.

86 STAT. 371

(9)(A) The term "minority group" refers to (i) persons who are Negro, American Indian, Spanish-surnamed American, Portuguese, Oriental, Alaskan natives, and Hawaiian natives and (ii) (except for the purposes of section 705), as determined by the Assistant Secretary, persons who are from environments in which a dominant language is other than English and who, as a result of language barriers and cultural differences, do not have an equal educational opportunity, and (B) the term "Spanish-surnamed American" includes persons of Mexican, Puerto Rican, Cuban, or Spanish origin or ancestry.

(10) The terms "minority group isolated school" and "minority group isolation" in reference to a school mean a school and condition, respectively, in which minority group children constitute more than 50 per centum of the enrollment of a school.

(11) The term "nonprofit" as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(12) The term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade 12.

(13) The term "Standard Metropolitan Statistical Area" means the area in and around a city of fifty thousand inhabitants or more as defined by the Office of Management and Budget.

(14) The term "State" means one of the fifty States or the District of Columbia, and for purposes of section 708(a), Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands shall be deemed to be States.

(15) The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law for this purpose.

CIVIL RIGHTS ACT OF 1964

(P.L. 88-352)

TITLE IV—DESEGREGATION OF PUBLIC EDUCATION

DEFINITIONS

SEC. 401. As used in this title—

(a) "Commissioner" means the Commissioner of Education.

(b) "Desegregation" means the assignment of students to public schools and within such schools without regard to their race, color, religion, or national origin, but "desegregation" shall not mean the assignment of students to public schools in order to overcome racial imbalance.

(c) "Public school" means any elementary or secondary educational institution, and "public college" means any institution of higher education or any technical or vocational school above the secondary school level, provided that such public school or public college is operated by a State, subdivision of a State, or governmental agency within a State, or operated wholly or predominantly from or through the use of governmental funds or property, or funds or property derived from a governmental source.

(d) "School board" means any agency or agencies which administer a system of one or more public schools and any other agency which is responsible for the assignment of students to or within such system.

SURVEY AND REPORT OF EDUCATIONAL OPPORTUNITIES

SEC. 402. The Commissioner shall conduct a survey and make a report to the President and the Congress, within two years of the enactment of this title, concerning the lack of availability of equal educational opportunities for individuals by reason of race, color, religion, or national origin in public educational institutions at all levels in the United States, its territories and possessions, and the District of Columbia.

TECHNICAL ASSISTANCE

SEC. 403. The Commissioner is authorized, upon the application of any school board, State, municipality, school district, or other governmental unit legally responsible for operating a public school or schools, to render technical assistance to such applicant in the preparation, adoption, and implementation of plans for the desegregation of public schools. Such technical assistance may, among other activities, include making available to such agencies information regarding effective methods of coping with special educational problems occasioned by desegregation, and making available to such agencies personnel of the Office of Education or other persons specially equipped to advise and assist them in coping with such problems.

TRAINING INSTITUTES

SEC. 404. The Commissioner is authorized to arrange, through grants or contracts, with institutions of higher education for the operation of short-term or regular session institutes for special training designed to improve the ability of teachers, supervisors, counselors, and other elementary or secondary school personnel to deal effectively with special educational problems occasioned by desegregation. Individuals who attend such an institute on a full-time basis may be paid stipends for the period of their attendance at such institute in amounts specified by the Commissioner in regulations, including allowances for travel to attend such institute.

GRANTS

SEC. 405. (a) The Commissioner is authorized, upon application of a school board, to make grants to such board to pay, in whole or in part, the cost of—

(1) giving to teachers and other school personnel inservice training in dealing with problems incident to desegregation, and

(2) employing specialists to advise in problems incident to desegregation.

(b) In determining whether to make a grant, and in fixing the amount thereof and the terms and conditions on which it will be made, the Commissioner shall take into consideration the amount available for grants under this section and the other applications which are pending before him; the financial condition of the applicant and the other resources available to it; the nature, extent, and gravity of its problems incident to desegregation; and such other factors as he finds relevant.

PAYMENTS

SEC. 406. Payments pursuant to a grant or contract under this title may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments, as the Commissioner may determine.

SUITS BY THE ATTORNEY GENERAL

SEC. 407. (a) Whenever the Attorney General receives a complaint in writing—

(1) signed by a parent or group of parents to the effect that his or their minor children, as members of a class of persons similarly situated, are being deprived by a school board of the equal protection of the laws, or

(2) signed by an individual, or his parent, to the effect that he has been denied admission to or not permitted to continue in attendance at a public college by reason of race, color, religion, or national origin.

and the Attorney General believes the complaint is meritorious and certifies that the signer or signers of such complaint are unable, in his judgment, to initiate and maintain appropriate legal proceedings for relief and that the institution of an action will materially further the orderly achievement of desegregation in public education, the Attorney General is authorized, after giving notice of such complaint to the appropriate school board or college authority and after certifying that he is satisfied that such board or authority has had a reasonable time to adjust the conditions alleged in such complaint, to institute for or in the name of the United States a civil action in any appropriate district court of the United States against such parties and for such relief as may be appropriate, and such court shall have and shall exercise jurisdiction of proceedings instituted pursuant to this section, provided that nothing herein shall empower any official or court of the United States to issue any order seeking to achieve a racial balance in any school by requiring the transportation of pupils or students from one school to another or one school district to another in order to achieve such racial balance, or otherwise enlarge the existing power of the court to insure compliance with constitutional standards. The Attorney General may implead as defendants such additional parties as are or become necessary to the grant of effective relief hereunder.

(b) The Attorney General may deem a person or persons unable to initiate and maintain appropriate legal proceedings within the meaning of subsection (a) of this section when such person or persons are unable, either directly or through other interested persons or organizations, to bear the expense of the litigation or to obtain effective legal representation; or whenever he is satisfied that the institution of such litigation would jeopardize the personal safety, employment, or economic standing of such person or persons, their families, or their property.

(c) The term "parent" as used in this section includes any person standing in loco parentis. A "complaint" as used in this section is a writing or document within the meaning of section 1001, title 18, United States Code.

SEC. 408. In any action or proceeding under this title the United States shall be liable for costs the same as a private person.

SEC. 409. Nothing in this title shall affect adversely the right of any person to sue for or obtain relief in any court against discrimination in public education.

SEC. 410. Nothing in this title shall prohibit classification and assignment for reasons other than race, color, religion, or national origin.

(42 U.S.C. 2000c–2000c-9) Enacted July 2, 1964, P.L. 88–352, Title IV, 78 Stat. 246.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1965	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000
1966	9,300,000	5,500,000	6,275,000	6,275,000
1967	9,650,000	6,535,000	6,535,000	6,535,000
1968	28,100,000	8,500,000	8,500,000	8,500,000
1969	13,100,000	8,500,000	10,000,000	9,250,000
1970	17,150,000	10,500,000	17,150,000	12,000,000
1971	166,200,000	16,000,000 1/	163,900,000	88,900,000
1972	86,602,000	86,602,000	86,602,000	86,602,000
1973-Supplemental	487,500,000	2/	270,640,000	270,640,000
1974	270,640,000			

1/ House did not consider emergency school aid portion.
2/ House did not consider due to lack of authorizing legislation.

NOTE: Amounts for 1965 through 1973 reflect comparability with the 1974 estimate.

Justification

Emergency School Assistance

	1973 Estimate	1974 Estimate	Increase or Decrease
Special projects:			
(a) Metropolitan area projects.....	$ 11,397,000	$ 12,447,000	+ 1,050,000
(b) Bilingual education projects....................	9,117,000	9,958,000	+ 841,000
(c) Educational television.........	6,838,000	7,468,000	+ 630,000
(d) Special programs and projects.....................	11,397,000	12,447,000	+ 1,050,000
(e) Evaluation.....................	2,280,000	2,489,000	+ 209,000
State apportionment:			
(a) Pilot programs.................	34,191,000	37,341,000	+ 3,150,000
(b) Special programs and projects.....................	18,235,000	19,915,000	+ 1,680,000
(c) General grants to local educational agencies.........	134,485,000	146,875,000	+12,390,000
Training and advisory services (Civil Rights Act)..................	21,700,000	21,700,000	---
Temporary emergency school assistance program......................	21,000,000	---	-21,000,000
Total.........................	270,640,000	270,640,000	---

General Statement

The Emergency School Aid Act of 1972 (Title VII, P.L. 92-318) authorizes $1 billion to be appropriated for fiscal year 1973, and again for fiscal year 1974, to aid the process of eliminating or preventing minority group isolation and improving the quality of education for all children. Under a consolidated request covering the temporary emergency school assistance program, the Emergency School Aid Act, and Title IV of the 1964 Civil Rights Act (P.L. 88-352), $270,640,000 was appropriated for fiscal year 1973. $270,640,000 is also requested for this program in fiscal year 1974.

Background

Prior to 1970, Federal desegregation assistance was limited to the support of activities prescribed under Title IV of the Civil Rights Act. Although numerous awards for advisory specialists and in-service teacher training programs had been made during the period 1965 through 1970, this type of assistance could not be used to support community activities, remedial programs, or other necessary services and activities. During 1969, however, a greater number of individual school districts were brought under court order to immediately desegregate than at any previous time. From these school districts, in increasing numbers, came requests, pleas, and occasional demands for assistance in meeting the many problems incident to disestablishment of dual school systems.

Under the interim Emergency School Assistance Program in fiscal years 1971 and 1972, the President carried out his pledge to provide emergency assistance to school districts which were either under court order or implementing a voluntary plan to eliminate de jure segregation. Under ESAP I (fiscal year 1971) and II (fiscal year 1972), as these programs for interim assistance were called, the following numbers of grant awards were made:

	ESAP I (1971)		ESAP II (1972)	
	No.	Amount	No.	Amount
School Districts	900	$63,324,000	452	$63,976,000
Community Groups	156	7,372,000	142	6,824,000

Concurrently, and as a complementary activity, the program of desegregation assistance authorized by Title IV of the Civil Rights Act of 1964 was continued to provide training and/or technical assistance services for desegregating school districts. In fiscal year 1971, 215 awards totaling $15.9 million were made for these purposes; in fiscal year 1972, there were 183 awards totaling $14.5 million. This Title IV support significantly eased the difficulties of local educational agencies which were facing desegregation problems, but could not qualify for interim emergency school assistance program support.

Emergency School Aid Act

On June 23, 1972, the President signed into law P.L. 92-318 (The Education Amendments of 1972), which included, as Title VII, the Emergency School Aid Act (ESAA). The Act is to assist "the process of eliminating or preventing minority group isolation and improving the quality of education for all children." To achieve this goal, the Act apportions appropriated funds among the various provisions of the law in the following manner:

Project Category	% of Appropriations Reserved
1. Metropolitan area projects	5
2. Bilingual education projects	4
3. Educational television	3
4. Special programs and projects	5
5. Evaluation	1
6. Pilot programs	15*
7. Special programs and projects	8*
8. General grants to local educational agencies	59*
Total, ESAA	100

*To be apportioned among the States

	1973	1974	Increase or Decrease
1. Special projects:			
(a) Metropolitan area projects			
Non-competing continuations...	$ ---	$10,000,000	$+10,000,000
New..........................	11,397,000	2,447,000	$- 8,950,000
Total..................	$11,397,000	$12,447,000	$+ 1,050,000

Five percent of the funds available will be reserved for Metropolitan area projects, with the following three types of grants being awarded:

a. Grants to assist local education agencies located in Standard Metropolitan Statistical Areas (SMSA's) in transferring minority students from another local educational agency in the same Standard Metropolitan Statistical Area into their own for the purpose of establishing and maintaining intergrated schools.

b. Grants to groups of local educational agencies located in a Standard Metropolitan Statistical Area for the joint development of plans to reduce and eliminate minority group isolation, to the maximum extent possible, in the public elementary and secondary schools of the Standard Metropolitan Statistical Area;

c. Grants to local educational agencies to pay all or part of the cost of the planning and construction of intergrated education parks.

Funds for Metropolitan Area Projects are not to be apportioned among the States but will be administered on a national basis.

Accomplishments in 1973: The funds made available for this activity will be concentrated to support cooperative arrangements between school districts which promise to substantially reduce minority group isolation in specified Standard Metropolitan Statistical Areas through the establishment and maintenance of integrated schools. The specific activities to be supported will essentially be consistent with those under general grants to local educational agencies and pilot projects in the State apportionment activity. Some funds will be expended for developing Standard Metropolitan Statistical Area plans and for planning education parks, although the funds will not be used for actual construction of such facilities, which are extremely costly.

With an average award of $500,000 about 22 Metropolitan area projects will be funded in fiscal year 1973.

Objectives for 1974: Metro projects will be funded in fiscal year 1974 with the same criteria used in the preceding year. 25 projects, including 20 continuations, could be funded under these assumptions.

	1973	1974	Increase or Decrease
1. Special projects:			
(b) Bilingual education projects			
Non-competing continuations..	$ ---	$8,025,000	$+8,025,000
New........................	9,117,000	1,933,000	-7,184,000
Total................	$9,117,000	$9,958,000	$+ 841,000

Grants may also be awarded to local educational agencies for the purpose of developing or implementing bilingual/bicultural curricula which aid in the development of reading, writing, and speaking skills and enhance intercultural or inter-ethnic understanding. Such projects are intended to benefit minority group students who are from environments in which the dominant language is not English and also to benefit their English-dominant classmates. If specifically requested to do so by a local educational agency, a nonprofit agency, institute, or organization may be awarded direct assistance to develop bilingual/bicultural curricula. Four percent of the funds available will be reserved for Bilingual project grants. These funds are not to be apportioned among the States.

Accomplishments in 1973: The Emergency School Aid Act, complementing Title VII of the Elementary and Secondary Education Act, allows assistance to both local educational agencies and curriculum-development organizations for the purpose of minimizing cultural barriers to equal educational opportunity. Funds appropriated to this end will be focused on insuring the establishment of bilingual/bicultural programs. Supporting organizations will be funded only upon the specific request of one or more local educational agencies and at least 75 percent of the available bilingual funds will be reserved for local educational agency implementation of promising activities developed by either supporting organizations or the local educational agencies themselves.

Assuming an average local educational agency award of $150,000 and an average supporting organization award of $75,000, some 55 local educational agency projects and 10 supporting projects could be funded in fiscal year 1973, if eligibility and quality requirements are met. The bulk of these projects will serve Spanish-speaking Americans, the largest minority group whose dominant language is other than English.

Objectives for 1974: Bilingual projects will be funded in fiscal year 1974 with the same criteria used the preceding year. Assuming average awards of $150,000 (local educational agency) and $75,000 (supporting organization), about 60 local educational agency projects and 12 supporting projects could be awarded. These 72 awards would include an estimated 58 continuations.

	1973	1974	Increase or Decrease
1. Special projects:			
(c) Educational television			
Non-competing continuations...	$ ---	$5,128,000	$+5,128,000
New..........................	6,838,000	2,340,000	-4,498,000
Total..................	$6,838,000	$7,468,000	$+ 630,000

Three percent of the Emergency School Aid Act funds have been reserved for grants to be awarded for the development and production of integrated children's television programs of sound educational value. Programs developed from such grants must be made reasonably available for free transmission under noncommercial sponsorship.

Accomplishments in 1973: Experiences with successful prototypes such as "Sesame Street" will be drawn upon in programming these funds. Specifications will be developed for television programming which has positive cognitive and affective value and presents multi-ethnic children's activities. These specifications have been incorporated into a competitive grant program in which up to four grants will be made for the most promising approaches to a list of given categories.

Objectives for 1974: The grants awarded in fiscal year 1973 will be considered for continuation. However, new grants may be considered should it be obvious that more effective use of the funding available would result.

	1973	1974	Increase or Decrease
I. Special projects:			
(d) Special programs and projects			
Non-competing continuations..	$ ---	$ 7,500,000	$+7,500,000
New..........................	11,397,000	4,947,000	-6,450,000
Total...............	$11,397,000	$12,447,000	$+1,050,000

Five percent of the funds available may be used for grants to and contracts with State and local educational agencies and other public agencies and organizations for the purpose of conducting special programs and projects, including activities otherwise authorized by the Emergency School Aid Act which will achieve the purposes of the Act.

Accomplishments in 1973: Specific programming of funds available under this activity must await a detailed assessment of desegregation needs not adequately met under other Emergency School Aid Act activities. With an average award of $150,000, about 75 special projects could be funded in fiscal year 1973.

Objectives for 1974: With an extension of fiscal year 1973 objectives and average funding levels, 80 special projects (including 50 continuations) could be funded in fiscal year 1974.

	1973	1974	Increase or Decrease
1. Special projects:			
(e) Evaluation			
Non-competing continuations...	$ ---	$1,140,000	$+1,140,000
New..........................	2,280,000	1,349,000	-931,000
Total..................	$2,280,000	$2,489,000	$+209,000

One percent of the funds available will be used to award grants or contracts for the evaluation of specific programs and projects funded under the Emergency School Aid Act.

Accomplishments in 1973: Approximately 10 evaluation projects will be mounted in fiscal year 1973 for an average grant size of $228,000. The activities are planned to include:

(a) A longitudinal evaluation of the Emergency School Aid Act Pilot programs (ESAA, Sec. 706(b)).

This will be a 3-year nationwide study involving about 40 school districts, 250 schools, and anticipated administration of over 97,000 achievement tests over the entire length of the study. In fiscal year 1973, the study design and planning will be refined and initial data collection is anticipated in the Spring of 1973.

(b) Evaluation of general grants to local educational agencies (Sec. 706(a)).

(c) Evaluation of Special programs and projects (Sec. 708(b)).

(d) Emergency School Aid Act Educational Television Study (Sec. 711).

(e) Various Emergency School Aid Act management studies.

Objectives for 1974: The overall objective of evaluation projects will continue to be to assess the effectiveness of Emergency School Assistance programs and ways of improving the programs.

Major attention will be paid to the implementation of the evaluation reports submitted in fiscal year 1973. Implications of these reports for the allocation of Emergency School Aid Act resources will be undertaken as a mutual activity of the evaluation staff and Emergency School Aid Act program staff in particular.

Other major objectives will be the continuation of the large-scale longitudinal studies of the Emergency School Aid Act pilot programs, general grants to local educational agencies, and the study of exemplary desegregated schools. Continuation of all of these studies will be contingent upon the quality of interim reports. The acceptance of reports of the other evaluation activities conducted in fiscal year 1973 and their dissemination and implementation will also be emphasized. An estimated 7 evaluation projects (including 5 continuations) are anticipated for fiscal year 1974 at an average contract award of $355,000.

	1973	1974	Increase or Decrease
2. State apportionment:			
(a) Pilot programs			
Non-competing continuations...	$ ---	$26,250,000	$+26,250,000
New..........................	34,191,000	11,091,000	-23,100,000
Total..................	$34,191,000	$37,341,000	$+ 3,150,000

Fifteen percent of the funds available under the Emergency School Aid Act will be apportioned among the States for grants to unusually promising projects which have been designed to overcome the adverse effects of minority group isolation by improving the academic achievement of children where the minority group enrollment is in excess of 50 percent or 15,000 children. In order to be eligible for a Pilot program grant, a local educational agency must be implementing a plan which would make it eligible for a General grant to a local educational agency.

Accomplishments in 1973: The objectives for this activity are the same as those for basic local educational agency projects, except that the focus will be on districts having either a minimum of 15,000 minority students or a minority enrollment of at least 50 percent. Further, the emphasis on compensatory educational services necessitates an even higher priority on basic instructional services than is the case with the basic grants.

Assuming an average award of approximately $175,000, approximately 200 districts could be supported under this activity. This total represents about 30% of the 700 districts estimated to be eligible for pilot project support.

Objectives for 1974: Pilot projects will continue to be funded in fiscal year 1974 with the same criteria as in the preceding year, but at a slightly reduced average award. Given this, some 250 projects (including 175 continuations) could be funded in fiscal year 1974 at an average award of $150,000.

	1973	1974	Increase or Decrease
2. State apportionmemt:			
(b) Special programs and projects			
Non-competing continuations...	$ ---	$13,750,000	$+13,750,000
New..........................	18,235,000	6,165,000	-12,070,000
Total.................	18,235,000	19,915,000	+1,680,000

Grants may be awarded to public or nonprofit private agencies, institutes, and organizations to carry out projects designed to support the development or implementation of an eligible local educational agency. However, local educational agencies themselves are not eligible to apply for grants under this program. Eight percent of the funds available under the Emergency School Aid Act will be reserved for grants to nonprofit groups. Nonpublic elementary and secondary schools which are nonprofit and nonsectarian will be considered to be nonprofit groups for the purposes of administering up to one-half of the funds reserved for this activity. As in the case of funds for General grants to local educational agencies and Pilot programs, funds for nonprofit groups (Special programs and projects) will be apportioned among the States.

Accomplishments in 1973: Under the interim emergency school assistance program activity, nonprofit groups established within the communities affected by desegregation have generally proven to be a source of assistance to the local school systems. Community group activities have served as a coordinating link between individual parents and school authorities and have often led to the genuine involvement (and consequently, cooperation and support) of the public.

Pursuant to the Emergency School Aid Act, community groups will be funded where it can be demonstrated that such groups will be a positive force within the community to support the activities of an eligible local educational agency. Assuming an average award of $60,000, over 300 such groups could be funded in fiscal year 1973.

Objectives for 1974: Projects under this activity, primarily community groups, will be funded at an average award slightly below the preceding year's, and using comparable criteria. Sufficient funds are requested for 400 projects, including 275 continuations, at an average award of $50,000.

	1973	1974	Increase or Decrease
2. State apportionment:			
(c) General grants to local educational agencies.........			
Non-competing continuations..	$ ---	$105,000,000	$+105,000,000
New..........................	134,485,000	41,875,000	- 92,610,000
Total...............	$134,485,000	$146,875,000	$+ 12,390,000

Grants may be awarded to local educational agencies (LEA's) which are implementing a desegregation plan, a plan for the elimination, reduction, or prevention of minority group isolation, or an interdistrict transfer plan. Activities supported by a general grant to a local educational agency must directly address needs related to the implementation of such plans and must conform to the purposes and authorized activities of the Emergency School Aid Act. Particular attention is to be given to educational needs resulting from minority group isolation--especially needs for basic instructional services. Fifty-nine percent of the funds available under the Emergency School Aid Act will be reserved for these grants. These funds, along with those reserved for Pilot programs and Special programs and projects, will apportioned among the States, as prescribed in the legislation.

Accomplishments in 1973: The Act stipulates that the following activities are eligible for support: (1) remedial services; (2) supplemental staff; (3) teacher aides; (4) teacher training; (5) guidance and counseling; (6) curriculum development; (7) career education; (8) interracial activities; (9) community activities; (10) support services; (11) planning; and (12) minor remodeling.

Consistent with the range of eligible activities outlined above, local educational agencies will be encouraged to focus their grant resources on basic instruction and support services. A focus on these activities is deemed essential to assure substantial progress in overcoming the educational disadvantages of minority group isolation--one of the basic purposes of the Act.

With an average award of $175,000, approximately 775 school districts will receive funds for basic projects--about twice the number of local educational agency projects funded in fiscal year 1972 under the interim emergency school assistance activity. It allows for substantial support of both voluntary and ordered desegregation throughout the nation.

Objectives for 1974: Under this activity in 1974, projects will be funded using the same evaluative criteria as in 1973. Since some fiscal year 1973 projects are being funded for 17 months, rather than the more typical 12-15 months period, the average award will drop to $150,000. Given this level, some 975 local educational agency awards, including 700 continuations, could be made in fiscal year 1974.

	1973	1974	Increase or Decrease
3. Training and advisory services (Civil Rights Act):			
Non-competing continuations........	$ 6,375,000	$18,750,000	$+12,375,000
New................................	15,325,000	2,950,000	-12,375,000
Total........................	$21,700,000	$21,700,000	$ ---

Title IV of the 1964 Civil Rights Act authorizes the Office of Education to provide training and advisory services for desegregating school districts. Under this authorization, the Office of Education conducts three interrelated activities: (1) desegregation assistance centers, including a number at State Education Departments; (2) training institutes at colleges and universities; and (3) direct grants to school districts. These activities complement those undertaken pursuant to the Emergency School Aid Act, which is the principal authority for the Federal desegregation assistance program. These activities are considered complementary because they include the preparation of plans to reduce minority group isolation, as distinguished from the "adoption or implementation" authority of the Emergency School Aid Act.

The primary objective of this program is to enable school districts to successfully desegregate their systems with maximum educational benefit and minimum disruption. To achieve this overall goal, the Office of Education provides the following kinds of assistance through contract and grant awards:

1. Assisting local school districts in the elimination of elementary and secondary school segregation.
2. Assisting these local school districts in bringing about the personal and administrative adjustments necessary for such desegregation to be permanent.

This assistance may be provided by direct grants to the school systems or indirectly, through the support of desegregation assistance centers and training institutes.

The following tables present a summary of Title IV awards in fiscal year 1972 and through the first seven months of fiscal year 1973:

Number of Projects

Program Activity:	FY 72	FY 73 (first seven months)
1. Technical Assistance Centers:		
a. State Departments...........	33	9
b. General.....................	17	9
2. Training Institutes............	25	18
3. Grants to School Districts......	108	15
Total.....................	183	51

At present, the Title IV program is being reassessed in light of the new authority provided by the Emergency School Aid Act of 1972. New Title IV activities will complement Emergency School Aid Act operations so that the two programs form a consistent, mutually supportive approach to school desegregation problems. Thus, it can be expected that earlier patterns of Title IV expenditures will be modified somewhat for new awards in fiscal year 1974, as well as in the balance of fiscal year 1973.

Since new program guidelines and regulations have not been fully developed, it is not possible to credibly estimate the number of new fiscal year 1973 and fiscal year 1974 awards and dollars by program activity at this time. The general trend, however, will be a heavier emphasis on centers and institutes, with a correspondingly lighter emphasis of grants to school districts -- the latter need being largely met by the authorities granted under the Emergency School Aid Act.

	1973	1974	Increase or Decrease
4. Temporary emergency school assistance program:			
Non-competing continuations.........	$21,000,000	$ ---	$-21,000,000
New................................	---	---	---
Total.........................	$21,000,000	$ ---	$-21,000,000

This program was established, on an interim basis, to carry out a program of assistance to meet special emergency needs incident to the elimination of racial segregation and discrimination in elementary and secondary schools.

In fiscal year 1971, $75 million was appropriated for this interim program (ESAP), and this level was continued in fiscal year 1972 under a Continuing Resolution. Of the funds appropriated for this interim program, 10% was reserved by regulation for awards to non-profit community groups organized to support the desegregation efforts of their local school districts. The balance of the appropriation was targeted for direct grants to the school districts themselves. The following table displays the patterns of assistance in fiscal year 1971 (ESAP I) and fiscal year 1972 (ESAP II):

Program Activity	Fiscal Year 1971 No. of Projects	Fiscal Year 1972 No. of Projects
School Districts	900	452
Community Groups	156	142
	1,056	594

Accomplishments in 1973:

In fiscal year 1973, pending enactment of the Emergency School Aid Act, the program continued funding of projects begun in fiscal year 1972 in order to maintain valuable staff and program momentum. To date 384 local educational agencies and 111 community groups have been funded in 1973, at a total cost of $18,471,568. Emergency School Aid Act programs have now been put into operation, with new administrative guidelines. Those emergency school assistance projects funded in fiscal year 1972 and continued in 1973 must compete with other projects for funding under the authority of the Emergency School Aid Act.

In retrospect, the interim Emergency School Assistance Program has served two major purposes. Firstly, it provided immediate financial and psychological support to students, school personnel and parents during a period which saw a 70% reduction in the number of minority children in heavily isolated (80-100% minority enrollment) schools of eleven southern States. Secondly, it provided the Office of Education with invaluable experience which would help implement the much larger Emergency School Aid Program authorized in the "Education Amendments of 1972." It therefore met an immediate, pressing need, while simultaneously laying the foundation for a broader, expanded approach to the general problem of school segregation.

Program Purpose and Accomplishments

Activity: Special projects:
(a) Metropolitan area projects (Sec. 709, ESAA)

	1974	
1973	Authorization	Budget Estimate
$11,397,000	$50,000,000	$12,447,000

Purpose: To assist local educational agencies in (1) establishing and maintaining integrated schools; (2) developing a plan to reduce minority group isolation in a standard metropolitan statistical area, taken as a whole; or (3) planning and constructing integrated education parks.

Explanation: Of the amounts appropriated, 5 percent is legislatively reserved for this purpose. This amount is not to be apportioned among the States, but will be utilized to fund quality eligible activities wherever they may occur.

Accomplishments in 1973: The funds made available for this activity will be concentrated to support cooperative arrangements between school districts which promise to substantially reduce minority group isolation in specified Standard Metropolitan Statistical Areas through the establishment and maintenance of integrated schools. The specific activities to be supported will essentially be consistent with those under general grants to local educational agencies and pilot projects in the State apportionment activity. Some funds will be expended for developing Standard Metropolitan Statistical Area plans and for planning education parks, although the funds will not be used for actual construction of such facilities, which are extremely costly.

With an average award of $500,000 about 22 Metropolitan area projects will be funded in fiscal year 1973.

Objectives for 1974: Metro projects will be funded in fiscal year 1974 with the same criteria used in the preceding year. 25 projects, including 20 continuations, could be funded under these assumptions.

Activity: Special projects:
(b) Bilingual education projects (Sec. 708(c), ESAA)

	1974	
1973	Authorization	Budget Estimate
$9,117,000	$40,000,000	$9,958,000

Purpose: To assist local educational agencies and supporting organizations in meeting the needs of minority group children who, because they are from an environment in which the dominant language is other than English, do not have equality of educational opportunity.

Explanation: Of the amount appropriated for carrying out the Emergency School Aid Act, at least 4 percent is reserved for this activity to make grants to and contracts with private nonprofit agencies and eligible local educational agencies to develop and implement curricula designed to meet the special educational needs of minority group children served by this activity.

This amount is not to be apportioned among the States, but will be utilized to fund quality eligible activities where they occur.

Accomplishments in 1973: The Emergency School Aid Act, complementing Title VII of the Elementary and Secondary Education Act, allows assistance to both local educational agencies and curriculum-development organizations for the purpose of minimizing cultural barriers to equal educational opportunity. Funds appropriated to this end will be focused on insuring the establishment of bilingual/bicultural programs. Supporting organizations will be funded only upon the specific request of one or more local educational agencies and at least 75 percent of the available bilingual funds will be reserved for local educational agency implementation of promising activities developed by either supporting organizations or the local educational agencies themselves.

Assuming an average local educational agency award of $150,000 and an average supporting organization award of $75,000, some 55 local educational agency projects and 10 supporting projects could be funded in fiscal year 1973, if eligibility and quality requirements are met. The bulk of these projects will serve Spanish-speaking Americans, the largest minority group whose dominant language is other than English.

Objectives for 1974: Bilingual projects will be funded in fiscal year 1974 with the same criteria used the preceding year. Assuming average awards of $150,000 (local educational agency) and $75,000 (supporting organization), about 60 local educational agency projects and 12 supporting projects could be awarded. These 72 awards would include an estimated 58 continuations.

Activity: Special projects:
(c) Educational television (Sec. 711, ESAA)

	1974	
1973	Authorization	Budget Estimate
$6,838,000	$30,000,000	$7,468,000

Purpose: To fund not more than 10 public or nonprofit private organizations to develop and produce children's television programs incorporating integrated children's activities of cognitive and affective educational value.

Explanation: Of the amount appropriated for the Emergency School Aid Act, at least 3 percent is reserved for this activity to make grants to or contracts with not more than 10 public or private nonprofit agencies with expertise in the development of television programming to carry out the purposes of this activity. Programs developed shall be made reasonably available for transmission, free of charge, and shall not be transmitted under commercial sponsorship. Educational television funds, of course, are not to be apportioned among the States.

Accomplishments in 1973: Experiences with successful prototypes such as "Sesame Street" will be drawn upon in programming these funds. Specifications will be developed for television programming which has positive cognitive and affective value and presents multi-ethnic children's activities. These specifications have been incorporated into a competitive grant program in which up to four grants will be made for the most promising approaches to a list of given categories.

Objectives for 1974: The grants awarded in fiscal year 1973 will be considered for continuation. However, new grants may be considered should it be obvious that more effective use of the funding available would result.

Activity: Special projects:
(d) Special programs and projects (Sec. 708(a), ESAA)

	1974	
1973	Authorization	Budget Estimate
$11,397,000	$50,000,000	$12,447,000

Purpose: To assist local educational agencies and supporting public organizations in conducting activities which (1) are otherwise authorized by the Emergency School Aid Act, and (2) promise to make substantial progress towards achieving the purposes of the Emergency School Aid Act.

Explanation: Of the amount appropriated, not more than 5 percent is reserved for this activity. The Assistant Secretary is authorized to make grants to any public agency for a program which he determines will make substantial progress toward achieving the purposes of the Act. These amounts are not to be apportioned among the States but will be utilized to fund quality eligible activities wherever they may occur.

Accomplishments in 1973: Specific programming of funds available under this activity must await a detailed assessment of desegregation needs not adequately met under other Emergency School Aid Act activities. With an average award of $150,000, about 75 special projects could be funded in fiscal year 1973.

Objectives for 1974: With an extension of fiscal year 1973 objectives and average funding levels, 80 special projects (including 50 continuations) could be funded in fiscal year 1974.

Activity: Special Projects:
(e) Evaluation (Sec. 713, ESAA)

	1974	
1973	Authorization	Budget Estimate
$2,280,000	$10,000,000	$2,489,000

Purpose: To evaluate programs and projects assisted under the Emergency School Aid Act.

Explanation: Of the amount appropriated for carrying out the Emergency School Aid Act, not in excess of 1 percent is reserved for this activity to make grants to and contracts with public and private organizations for evaluations.

Accomplishments in 1973: Approximately 10 evaluation projects will be mounted in fiscal year 1973 for an average grant size of $228,000. The activities are planned to include:

(a) A longitudinal evaluation of the Emergency School Aid Act Pilot programs (ESAA, Sec. 706(b)).

This will be a 3-year nationwide study involving about 40 school districts, 250 schools, and anticipated administration of over 97,000 achievement tests over the entire length of the study. In fiscal year 1973, the study design and planning will be refined and initial data collection is anticipated in the Spring of 1973.

(b) Evaluation of general grants to local educational agencies (Sec. 706(a)).

(c) Evaluation of Special programs and projects (Sec. 708(b)).

(d) Emergency School Aid Act Educational Television Study (Sec. 711).

(e) Various Emergency School Aid Act management studies.

Objectives for 1974: The overall objective of evaluation projects will continue to be to assess the effectiveness of Emergency School Assistance programs and ways of improving the programs.

Major attention will be paid to the implementation of the evaluation reports submitted in fiscal year 1973. Implications of these reports for the allocation of Emergency School Aid Act resources will be undertaken as a mutual activity of the evaluation staff and Emergency School Aid Act program staff in particular.

Other major objectives will be the continuation of the large-scale longitudinal studies of the Emergency School Aid Act pilot programs, general grants to local educational agencies, and the study of exemplary desegregated schools. Continuation of all of these studies will be contingent upon the quality of interim reports.

The acceptance of reports of the other evaluation activities conducted in fiscal year 1973 and their dissemination and implementation will also be emphasized.

An estimated 7 evaluation projects (including 5 continuations) are anticipated for fiscal year 1974 at an average contract award of $355,000.

Activity: State apportionment:
(a) Pilot programs (Sec. 706(b), ESAA)

	1974	
1973	Authorization	Budget Estimate
$34,191,000	$150,000,000	$37,341,000

Purpose: To support promising programs to overcome the adverse effects of minority group isolation by improving the academic achievement of children in one or more minority group isolation schools in districts which (1) enroll at least 15,000 minority group children or (2) have a minority group enrollment which is more than 50 percent of the total enrollment.

Explanation: Of the amounts appropriated, not more than 15 percent is legislatively reserved for this activity. This amount is to be apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17. Grants and contracts may be awarded to local educational for the above purpose.

Accomplishments in 1973: The objectives for this activity are the same as those for basic local educational agency projects, except that the focus will be on districts having either a minimum of 15,000 minority students or a minority enrollment of at least 50 percent. Further, the emphasis on compensatory educational services necessitates an even higher priority on basic instructional services than is the case with the basic grants.

Assuming an average award of approximately $175,000, approximately 200 districts could be supported under this activity. This total represents about 30% of the 700 districts estimated to be eligible for pilot project support.

Objectives for 1974: Pilot projects will continue to be funded in fiscal year 1974 with the same criteria as in the preceding year, but at a slightly reduced average award. Given this, some 250 projects (including 175 continuations) could be funded in fiscal year 1974 at an average award of $150,000.

Activity: State apportionment:
(b) Special programs and projects (Sec. 708(b), ESAA)

	1974	
1973	Authorization	Budget Estimate
$18,235,000	$80,000,000	$19,915,000

Purpose: To assist nonprofit organizations in conducting special programs which support local educational agency efforts to develop or implement a plan to meet special problems incident to desegregation, to encourage voluntary integration, or to aid school children in overcoming the educational disadvantages of minority group isolation.

Explanation: Of the amount appropriated for carrying out the Emergency School Aid Act, not more than 8 percent will be reserved for this activity and apportioned among States based on the number of minority group children aged 5-17 in the State. To carry out the purposes of this section, assistance will go by grant or contract to public and private nonprofit agencies other than local educational agencies.

Accomplishments in 1973: Under the interim emergency school assistance program activity, nonprofit groups established within the communities affected by desegregation have generally proven to be a source of assistance to the local school systems. Community group activities have served as a coordinating link between individual parents and school authorities and have often led to the genuine involvement (and consequently, cooperation and support) of the public.

Pursuant to the Emergency School Aid Act, community groups will be funded where it can be demonstrated that such groups will be a positive force within the community to support the activities of an eligible local educational agency. Assuming an average award of $60,000, over 300 such groups could be funded in fiscal year 1973.

Objectives for 1974: Projects under this activity, primarily community groups, will be funded at an average award slightly below the preceding year's, and using comparable criteria. Sufficient funds are requested for 400 projects, including 275 continuations, at an average award of $50,000.

Activity: State apportionment:
(c) General grants to local educational agencies (Sec. 706(a), ESAA)

	1974	
1973	Authorization	Budget Estimate
$134,485,000	$590,000,000	$146,875,000

Purpose: To provide financial assistance to eligible local educational agencies to: (1) meet educational needs incident to elementary and/or secondary school desegregation, (2) encourage voluntary elimination of minority group isolation in elementary and secondary schools, and (3) overcome educational disadvantages of minority group isolation. Eligible local educational agencies are those which have implemented or will, if assistance is made available, adopt and implement a plan to eliminate, reduce, or prevent the isolation of minority group students in their schools.

Explanation: Of the amounts appropriated pursuant to the Emergency School Aid Act, 59 percent is reserved for this activity. This amount is to be apportioned among the States in accordance with the distribution among those States of minority group children aged 5-17. Grants and contracts may be awarded to local educational agencies for the above purpose.

Accomplishments in 1973: The Act stipulates that the following activities are eligible for support: (1) remedial services; (2) supplemental staff; (3) teacher aides; (4) teacher training; (5) guidance and counseling; (6) curriculum development; (7) career education; (8) interracial activities; (9) community activities; (10) support services; (11) planning; and (12) minor remodeling.

Consistent with the range of eligible activities outlined above, local educational agencies will be encouraged to focus their grant resources on basic instruction and support services. A focus on these activities is deemed essential to assure substantial progress in overcoming the educational disadvantages of minority group isolation--one of the basic purposes of the Act.

With an average award of $175,000, approximately 775 school districts will receive funds for basic projects--about twice the number of local educational agency projects funded in fiscal year 1972 under the interim emergency school assistance activity. It allows for substantial support of both voluntary and ordered desegregation throughout the nation.

Objectives for 1974: Under this activity in 1974, projects will be funded using the same evaluative criteria as in 1973. Since some fiscal year 1973 projects are being funded for 17 months, rather than the more typical 12-15 months period, the average award will drop to $150,000. Given this level, some 975 local educational agency awards, including 700 continuations, could be made in fiscal year 1974.

Activity: Training and advisory services (Civil Rights Act of 1964, Title IV)

1973	1974 Authorization	1974 Budget Estimate
$21,700,000	Indefinite	$21,700,000

Purpose: To render technical assistance in the preparation, adoption, and implementation of plans for the desegregation of public schools, and to provide services and training for people to deal effectively with special educational problems occasioned by desegregation.

Explanation: To carry out the purpose of this activity, awards are made to universities for training institutes, to desegregation assistance centers, and to local educational agencies for technical assistance and training.

Accomplishments in 1973: The 1973 supplemental appropriation provides for continuation of the Civil Rights Act Title IV activities, including expansion of coordinated technical assistance. Current Title IV activities will be reexamined and the program redirected as necessary to ensure adequate support of desegregation activities throughout the nation. Title IV is particularly useful in this regard because authorized activities include preparation of plans to reduce minority group isolation, as distinguished from the "adoption or implementation" authority of the Emergency School Aid Act.

In fiscal year 1973, 35 institutes, 50 desegregation centers (including 30-40 State educational agencies) and 90 local educational agencies are projected to be funded under Title IV.

Objectives for 1974: Criteria and funding levels established in fiscal year 1973 for Title IV will also be utilized in fiscal year 1974. Accordingly, about 175 projects (including 150 continuations) will be funded at an average award of $125,000.

Activity: Temporary emergency school assistance program (P.L. 92-334)

1973	1974 Authorization	1974 Budget Estimate
$21,000,000	Indefinite	---

Purpose: To carry out a program of assistance to desegregating local educational agencies and community groups to meet special emergency needs incident to the elimination of racial segregation and discrimination in elementary and secondary schools.

Explanation: To continue those Emergency school assistance projects conducted in fiscal year 1972 which, if unable to continue during the period prior to the implementation of the Emergency School Aid Act, would lose valuable staff personnel and program momentum.

Accomplishments in 1973: Grants to eligible local education agencies and community groups will be kept to the minimum necessary to continue essential personnel prior to implementation of the Emergency School Aid Act. Approximately 380 local educational agencies and 107 community groups are to be funded in fiscal year 1973. Necessary evaluation efforts will also be continued.

Objectives for 1974: This activity was principally an interim program and, due to the passage of the Emergency School Aid Act, need not be continued. Thus no funds are requested.

State Apportionment

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ ---	$ 186,910,800	$ 204,130,800
Alabama	$ ---	5,534,122	6,047,693
Alaska	---	503,445	543,759
Arizona	---	2,681,051	2,926,222
Arkansas	---	2,253,357	2,458,294
California	---	24,148,251	26,412,935
Colorado	---	1,976,913	2,155,843
Connecticut	---	1,518,142	1,653,913
Delaware	---	556,199	601,476
Florida	---	7,535,675	8,237,542
Georgia	---	7,052,280	7,708,673
Hawaii	---	2,397,356	2,615,839
Idaho	---	229,929	244,512
Illinois	---	10,046,782	10,984,881
Indiana	---	2,503,227	2,731,669
Iowa	---	350,190	376,086
Kansas	---	909,046	987,516
Kentucky	---	1,351,401	1,471,485
Louisiana	---	6,747,995	7,375,761
Maine	---	111,114	114,520
Maryland	---	4,225,551	4,616,020
Massachusetts	---	1,403,613	1,528,609
Michigan	---	6,224,176	6,802,664
Minnesota	---	537,325	580,826
Mississippi	---	5,310,377	5,802,900
Missouri	---	2,918,247	3,185,731
Montana	---	317,557	340,384
Nebraska	---	447,708	482,778
Nevada	---	379,984	408,683
New Hampshire	---	100,000	100,615
New Jersey	---	5,581,922	6,099,991
New Mexico	---	2,708,296	2,956,030
New York	---	17,887,068	19,562,737
North Carolina	---	7,001,245	7,652,835
North Dakota	---	205,487	217,770
Ohio	---	5,905,101	6,453,573
Oklahoma	---	1,776,798	1,936,901
Oregon	---	486,758	525,502
Pennsylvania	---	5,880,387	6,426,534
Rhode Island	---	245,983	262,076
South Carolina	---	5,034,131	5,500,666
South Dakota	---	317,937	340,799
Tennessee	---	3,686,094	4,025,814
Texas	---	18,515,943	20,250,772
Utah	---	440,837	475,262
Vermont	---	100,000	100,000

State or Outlying Areas	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
Virginia	$ ---	$ 5,073,959	$ 5,544,241
Washington	---	1,164,970	1,267,517
West Virginia	---	453,782	489,424
Wisconsin	---	1,213,350	1,320,448
Wyoming	---	221,613	235,413
District of Columbia	---	2,738,126	2,988,666
American Samoa	---	---	---
Canal	---	---	---
Guam	---	---	---
Puerto Rico	---	---	---
Virgin Islands	---	---	---

1/ Estimated distribution of $227,940,000 with 5% ($11,397,000) reserved for Sec. 709, and 13% ($29,632,200) reserved for Sec. 708(a) and (C), 711 and 713 and the remainder ($186,910,800) distributed with a basic amount of $75,000 to each State and D. C., and the balance distributed on the basis of the total 5-17 population, Negro and other races, 4/1/70 and estimated enrollment of Spanish-surnamed Americans, Fall 1970, with a minimum amount of $100,000. Hawaii amount estimated on the basis of 5-17 population only.

2/ Estimated distribution of $248,940,000 with 5% ($12,447,000) reserved for Sec. 709, and 13% ($32,362,000) reserved for Sec. 708(a) and (C), 711 and 713, and the remainder ($204,130,800) distributed with a basic amount of $75,000 and the balance distributed on the total of (1) 5-17 population, Negro and other races, 4/1/70 and (2) estimated enrollment of Spanish-surnamed Americans, Fall 1970, with a minimum amount of $100,000. Hawaii amount is computed solely on the basis of the 5-17 population, Negro and other races.

Temporary Emergency School Assistance Program - Program Support

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate
TOTAL	$ 70,758,366	$ 18,468,568	$ ---
Alabama	4,823,991	1,512,805	---
Alaska	---	---	---
Arizona	---	---	---
Arkansas	2,780,937	825,230	---
California	2,623,401	836,159	---
Colorado	---	---	---
Connecticut	---	---	---
Delaware	---	---	---
Florida	8,852,347	1,755,110	---
Georgia	7,669,766	2,611,056	---
Hawaii	---	---	---
Idaho	---	---	---
Illinois	29,473	1,100	---
Indiana	129,963	30,965	---
Iowa	---	---	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate
Kansas	$ 372,779	$ 3,630	$ ---
Kentucky	69,086	20,115	---
Louisiana	4,994,410	984,752	---
Maine	---	---	---
Maryland	210,221	59,398	---
Massachusetts	---	---	---
Michigan	927,872	139,328	---
Minnesota	---	---	---
Mississippi	5,078,754	1,278,415	---
Missouri	---	---	---
Montana	---	---	---
Nebraska	---	---	---
Nevada	---	---	---
New Hampshire	---	---	---
New Jersey	48,515	13,938	---
New Mexico	---	---	---
New York	---	46,096	---
North Carolina	7,430,043	2,532,620	---
North Dakota	---	---	---
Ohio	---	---	---
Oklahoma	842,826	332,023	---
Oregon	---	---	---
Pennsylvania	721,032	42,875	---
Rhode Island	---	---	---
South Carolina	5,686,541	1,538,631	---
South Dakota	---	---	---
Tennessee	3,514,135	1,190,135	---
Texas	7,550,479	1,417,825	---
Utah	---	---	---
Vermont	------	---	---
Virginia	6,398,049	1,296,362	---
Washington	---	---	---
West Virginia	3,746	---	---
Wisconsin	---	---	---
Wyoming	---	---	---

1/ The 1973 level is an estimate of the funding necessary to continue certain emergency school assistance activities, funded in fiscal year 1972, through January 31, 1973 in order to maintain staff capabilities and program momentum until the Emergency School Aid Act is implemented.

Education for the Handicapped

STATEMENT OF DUANE J. MATTHEIS, DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

ACCOMPANIED BY:

DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE

DR. JOHN H. RODRIGUEZ, ASSOCIATE DEPUTY COMMISSIONER FOR SCHOOL SYSTEMS

DR. EDWIN W. MARTIN, ASSOCIATE COMMISSIONER FOR EDUCATION FOR THE HANDICAPPED

ROBERT B. HERMAN, ACTING DEPUTY ASSOCIATE COMMISSIONER FOR EDUCATION FOR THE HANDICAPPED

DR. MAX E. MUELLER, ACTING DIRECTOR, DIVISION OF RESEARCH

DR. RICHARD J. WHELAN, DIRECTOR, DIVISION OF TRAINING

JAMES B. ROBERTS, EXECUTIVE OFFICER FOR SCHOOL SYSTEMS

JOE G. KEEN, BUDGET OFFICER

CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator STEVENS. The next item is a request for funds for Educational Services for Handicapped Children. A portion of this request, about $38 million, is for State grants which the President proposes to include in revenue sharing.

Mr. Mattheis, with your new hat, I believe you have some new assistants.

Mr. MATTHEIS. Yes, Mr. Chairman. I would like to identify them for the record.

Sitting next to me is Dr. Edwin Martin, the Associate Commissioner for the Bureau of Education for the Handicapped, and next to him is Mr. Robert Herman, his deputy in that bureau. Sitting behind are Mr. Richard Whelan and Dr. Max Mueller from that bureau as well. Mr. Miller and Dr. Ottina continue to be with us.

We appreciate the opportunity to present the appropriation request for education of handicapped children.

This appropriation request is concerned with children who are left out or behind in the educational process because of physical, mental, or emotional handicaps, or because they are in situations where educational opportunities are scarce or nonexistent.

Funds allocated to this program will be—as they have been in the past several years—used to stimulate the achievement by States of the objectives of full educational services to all handicapped children. They will work to develop and support programs for the severely handicapped, the deaf-blind, and the learning disabled; they will work to further occupational and vocational education for handicapped in collaboration with vocational education; they will work to stimulate early identification and intervention practices for handicapped children through the implementation of model preschool programs throughout the country. They will continue to support the development by colleges, universities and State education agencies of a cadre of trained educational personnel needed to work with these children; and they will continue the development and implementation of a national learning resource system comprised of regional resource centers, an instructional media and materials network, and innovation/development/dissemination efforts which provide teachers and other special education personnel with the essential content, structures, and materials to work effectively with handicapped children.

AID TO STATES

The major Federal effort of direct assistance to States to enable them to fulfill their responsibilities to educate all handicapped children will derive from special education revenue sharing. Extensive technical assistance will be provided by the Federal administrators of this program to the States to assure the continuation of the catalytic use of this money and of the effective mutuality of Federal-State planning.

DEAF-BLIND PROGRAM

We are requesting $10 million to serve 2,900 of the 4,500 identified deaf-blind children through both residential and daytime educational programs. These severely afflicted children require the most complex and comprehensive services in order to make progress. The combined efforts of Federal, State and local, public and private resources are necessary if these children are to be served.

Senator **STEVENS**. Who serves the other 1,600, Doctor?

Dr. **MARTIN**. No one. That is the problem. They are in two places, primarily, Senator. One is in State schools for the retarded where they are not directly programed, but there is at least some kind of custodial program, and the other is at home. It is a population in which there has been tremendous growth because of the rubella epidemics around 1964 and 1965, and then the smaller epidemic 3 or 5 years ago. When we began the Federal program there were only 100 children in educational programs in the United States. This year there will be almost 2,000, and the curve is going up.

Senator **STEVENS**. I congratulate you, but how can you do the job with the same amount of money you had last year and the year before?

Dr. **MARTIN**. Obviously, the rate will not increase in the number of children served.

Mr. **MATTHEIS**. In addition, Mr. Chairman, States, because of their own feelings, as well as court rulings that stipulate they must meet the needs of these children, are increasing their own programs to meet the needs of these as well as other handicapped children.

Dr. **MARTIN**. There has been growth in that area, and, in fact, we are pleased with that. There is about an equal amount of Federal and non-Federal money spent nationally on these children.

The cost per child is very high here, and so the Federal Government needs to help with these "catastrophic" costs.

Senator STEVENS. Do you have any knowledge of any deaf-blind children who have made requests for services that they are not receiving or will not receive it under this appropriation?

IDENTIFICATION OF DEAF-BLIND CHILDREN

Dr. MARTIN. Sir, our centers have been identifying deaf-blind children, and we have now identified approximately 5,000 such children. They would all require one of a variety of educational services. Some might need full-time care. Others might well be served in day care programs or daytime only programs. There is a project here in Arlington which is a spinoff from our regional center that has been trying to work with children in a regular school setting.

I do not know if we have had direct petitionings from parents. It would be very likely that we have not but we are in the position of knowing about children, finding them by location who are not receiving appropriate programing. I think that is a direct answer to your question.

Mr. MATTHEIS. Our position, Mr. Chairman, when confronted with this type of request is to provide the advice and consultation necessary to get them to the proper program and location. Otherwise, our effort would be directed toward both the local education agencies and the State educational agency to provide the means of identifying the child, by whatever persuasion, technical assistance, advice, and counsel that we could provide them.

Senator STEVENS. I understand that, but we must be supporting the centers with a substantial amount. The costs of deaf-blind centers must be going up like everything else. If you get the same amount of money, you are going to be serving fewer children this year.

Dr. MARTIN. Yes, I think that is essentially right.

However, there is a growing commitment on the part of States themselves to serving children. We have been striving for this. The center for deaf-blind children in the northwest is in Washington State. It is a coordinating center. It does two things. It passes money through, for example, to Alaska. Some money might go to the crippled children's service in Anchorage. Other children might go from Alaska down to the State school in Washington and have an educational program there.

In addition, we attempt to provide grants that will help in diagnosing and identifying children, sometimes moving them to regional medical centers, other times it is possible to do it within a State where they live.

I think that our position is that, in general, these programs have grown. This was a $1 million appropriation 3 or 4 years ago. We have put additional sums into it each year, and we would very much like to capture this entire population of children in educational programing. It is an objective of ours because the States are increasing their share this year. Probably the number will not actually diminish in these programs, but the Federal share will.

Senator STEVENS. Thank you.

LEARNING DISABILITIES PROGRAM

Mr. **Mattheis.** We are asking for $3.25 million to continue the establishment of model service centers for learning disabled children. In 1973, 25 State service models were in place. In 1974, we expect that 30 States will have the benefit of these programs, which are designed to stimulate States to develop, initiate, and implement exemplary services for the target population of approximately 1 million children.

EARLY CHILDHOOD EDUCATION PROGRAM

We are requesting $12 million to continue the Early Childhood Education program which aims at stimulating national services to the estimated 1 million preschool-aged handicapped children. This $12 million will support 100 centers and the necessary technical aid components. With at least one Federal model in each State, States report an estimated 40,000 preschool children in programs presently. Three years ago, only 15 States mandated preschool education for these children, while today 45 States have enacted such legislation.

Dr. **Martin.** Senator, if I might interrupt, there is a particularly fascinating program in Alaska. I am sure you have similar programs that become desirable because of the tremendous geographical area. Our programs, our model preschool program is located in Anchorage, and it has an outreach network for all of the Head Start programs in the State. It provides technical assistanec to those programs by actually training Head Start personnel to be able to work with handicapped children so that they can be served wherever a Head Start project might be located.

Among other things there is information flown by airplane and dropped off in certain communities, packages of materials and it is really a very interesting program. There is a particular need in Alaska, greater than in any other State, for working with hearing impaired children, because of the climate. There is the highest incidence of middle ear infection among children in Alaska, and this particular preschool project in Anchorage aims at the speech, language, and hearing problems.

Senator **Stevens.** That is very good.

MANPOWER DEVELOPMENT

Mr. **Mattheis.** We are asking for $37.7 million to support colleges and universities and State education agency efforts to train 23,000 teachers and subprofessionals who will educate the additional 350,000 handicapped children who are expected to be added to the rolls of educational programs by States this year. A part of this request will be used to continue the development and implementation of new models for improving and upgrading current skills both in regular and special education teachers. Special emphasis will be placed on increasing the number of skilled professionals to work with the severely and profoundly handicapped.

LEARNING RESOURCE SYSTEM

The resources being requested for the learning resource system effort will be used to continue the regional resource centers, the media services and captioned film program, and the innovation/development/dissemination components—all of which combine to form a unique delivery system of media, materials, and techniques to serve handicapped children. For the regional resource center program we are requesting $7.234 million. This will continue to provide educational, testing, and evaluation services for all geographical areas and assist State and local education agencies in identifying excluded handicapped children so that they may receive suitable educational services. It is anticipated that approximately 42,000 children will receive comprehensive services from these centers. In addition funds appropriated under this section will be utilized to support eight State agencies through special target grants.

MEDIA SERVICES AND CAPTIONED FILMS

We are requesting $13 million to continue the media services and captioned films program that will continue to assist the States and local agencies in establishing coordinated activities which are designed to provide the handicapped learner with adequate resources in sufficient quantity and quality. The recently established National Center on Educational Media and Materials and the 18-unit Special Education Instructional Materials Centers and Regional Media Centers for the Deaf Network have provided support services to nearly 75,000 teachers of the handicapped.

INNOVATION AND DEVELOPMENT PROGRAM

We are requesting $9.916 million to continue the support of the innovation and development program. This program provides support to the objectives of all Federal operating programs for the purposes of improving educational opportunities for handicapped children through support of applied research and related activities. Studies involving curriculum development, validation, and dissemination for use both by regular and special education teachers; research on specific needs of the blind, the deaf-blind and hard of hearing; and research in early predictive behavior and curriculum development in early childhood will be continued. Through the dissemination of mature project results there is an immediate impact on all aspects of the field of special education and its relation to regular education.

RECRUITMENT AND INFORMATION

We are requesting $500,000 to support the requirement and information program which provides parents with appropriate information and referral services for parents and their handicapped children in order that they may be assisted in their attempts to gain an equal educational opportunity. Through national TV, radios, and newspapers, efforts will be continued to urge parents to seek services and to request information concerning available programs for their children. Parents, teachers, and potential educational personnel to serve the handicapped are beneficiaries of this comprehensive program to alert the public to the problems of the handicapped and the need to serve them.

My colleagues and I would be happy to respond to your questions, Mr. Chairman.

REVENUE SHARING

Senator **Stevens**. Have you taken a State grant program involving $37.5 million, out of here this year? Is this included in the Revenue Sharing?

Mr. **Mattheis**. We included that in the Better Schools Act of 1973, Mr. Chairman, as a percentage of whatever is appropriated.

To briefly review how that percentage comes out, the first cut of whatever appropriation is made for Better Schools, is for the impact aid, the SAFA program, the "A" students that we talked about earlier. After that there is a cut for outlying areas and the Department of Interior of 3 percent.

Then from the remainder there is a percentage, 60 percent for the education of the disadvantaged. Programs for vocational education and education of the handicapped have a set percentage of whatever authorization or appropriation is made.

Senator **Stevens**. Whatever is left after the impacted aid formula is then applied. Is that correct?

Mr. **Mattheis**. Yes; there is a formula. After the impacted aid—I should indicate that the percentage we have in the Better Schools Act is comprised of the $37.5 million as well as the handicapped education set-aside presently under title I of the Elementary and Secondary Education Act. We would be combining those two in effect into a single percentage of the Better Schools Act appropriation.

There are three set-asides that would be added to this $37.5 million, the one that I indicated from title I, a set-aside for handicapped in the vocational education program, and one under title III of the Elementary and Secondary Education Act. These would be set-aside in one category for Handicapped Education in the Better Schools Act of 1973.

Dr. **Ottina**. Senator Stevens, if the precise amount were appropriated that we were discussing earlier, the exact formula were authorized that we are talking about, it would yield about $160 million set aside for the handicapped.

Mr. **Mattheis**. Which would be this $37.5 million, plus the other set-asides, to get up to the $164 million level.

Senator **Stevens**. Is that the approximate amount there now?

Mr. **Mattheis**. That is right.

Dr. **Ottina**. Within about $4 million or $5 million, I believe.

Mr. **Herman**. $6 million.

DETERMINING WHICH CHILDREN RECEIVE EDUCATIONAL BENEFITS

Senator **Stevens**. What exactly is the critical factor in determining whether a handicapped child receives full educational benefits?

Is it where he lives?

Mr. **Mattheis.** You find a great variation among the States. Some States have had a commitment for a long period of time to educate a group of children totally or partially. Even within a given State, especially where they are provided discretionary authority, there is difference among the school districts.

Unless a State mandates that the education be provided, you get variance between the school districts themselves.

Dr. **Martin.** There is also the factor of the kind of handicapped condition. For example, the more seriously handicapped a youngster is, the less likely he is to get assistance from the schools. This is changing to some extent, but traditionally the schools felt as though they could only take children who had certain characteristics that were more consistent with the general school population, so that if a youngster was multiple handicapped, for example, or he had a severe problem of deafness or a severe problem of emotional disturbance and so forth, they tended to rely on the State institution or State school for that kind of child. In many, many States, youngsters who were primarily institutionalized populations are now being treated at home, for two reasons, really.

One is philosophic. I think most people would rather see the child with the family, but the second reason is it is less costly. For example, children in an institutionalized population, let's say trainable retarded children—these are youngsters who can learn a good many things and who might be able to be productive in sheltered workshop environments and so on—have been institutionalized at an average cost of $5,000 or $6,000 a year. An educational program for these youngsters in a local school might run as low as $1,500 to $2,000 a year.

STATE PROGRAMS

Senator **Stevens.** Obviously the question must arise—if you have these variations in the way the States are assuming their obligation, why do you want to turn the money over to the States that have not done it in the past?

Mr. **Mattheis.** Dr. Martin may want to go into further detail, but we are making a very conscious effort in this area of differentiation between the States. One of the most interesting we have had is an activity with the Education Commission of the States, a group comprised of the commissioners from all the States, Governors, legislatures, and educators. In this activity we tried to present to them ideas as well as models of good legislation in this area. We held regional meetings with them all over the country. We are very encouraged by the number of States that have since passed legislation to increase the State obligation and responsibility for the education of the handicapped.

We are doing a great deal of work with State legislatures and Governors in this area to encourage them to pass the kind of legislation which will accept the education of these children as well as other children as a responsibility of the State. We are very encouraged by what has been happening in this area.

Dr. **Martin.** I will give you an example. Last year's money in part B from the Education of the Handicapped Act was used for a variety of purposes. In a State like New Hampshire, one of the purposes was to have the best thinking possible come together on these problems, including the educators, physicians, and others, and to lay out some basic premises of what that State ought to do. One of the recommended things was to develop a comprehensive diagnostic program for all children in these States.

A second was to draw up a mandatory legislative act and then attempt to have it passed through the State legislature. Most States are moving in that direction now. Even mandatory legislation, by the way, is not totally effective, because if the dollars are not appropriated, it does not work. However, two things are positive. One is that moral pressure builds under the conditions of mandatory legislation, and more recently, parents are beginning to take their case to court to see whether or not the State is complying with its own either constitutional or legislative obligations. It can be very helpful.

The Education for All Act in Washington that the chairman is familiar with, has been extremely helpful in identifying unserved children and developing within the State a commitment programed out year by year to full services. So that is our basic approach.

Our funding level is essentially small. It represents between 5 and 10 percent of the total dollars spent on handicapped children, but we have attempted to invest it in catalytic ways, helping States do things that they wanted to demonstrate to their own power structure at home.

Senator STEVENS. That leads to the original question I asked. I just cannot imagine, after listening to what you said, that the program has been effective, and that you did not ask for more than the amount of money that you got last year. That is, strangely enough, the exact amount of money that you got last year in every category except for one. I fail to understand that. You do have a $90,000 increase in special education manpower development.

Mr. MATTHEIS. Our efforts in the budget, Mr. Chairman, are primarily to develop ways in which we can influence local and State educational agencies to meet their constitutional and legal responsibility to educate these children. So it is not a matter of being a service program totally geared to the needs out there. It was not designed to be that, and our budget does not indicate this.

What we are trying to do is use it, as Dr. Martin has indicated, to develop models of programs, legislation, and other elements to leverage local and State government to meet what is really their responsibility.

RUBELLA

Senator STEVENS. Are there concentrations of these people, Doctor? You mentioned rubella problems, are they concentrated?

Dr. MARTIN. Rubella concentrates, yes. It has concentrated along the coasts and in Texas primarily.

Senator STEVENS. Are there extraordinary burdens on a particular area as a result of this?

Dr. MARTIN. Yes. One of the rationales we used in developing this budget over the years, was to point out the extremely high cost, the catastrophic effect on the child and on the family, and the fact that it is a legitimate area for Federal effort.

Our cost per child in the program runs about $2,500 for educational services alone, which is very different than our basic Federal share per child for the whole program, which is $4 or $5. And the reason was that we saw it as kind of a particular instance where the Federal Government should get into assistance on an economies of scale basis.

REVENUE SHARING

Senator STEVENS. I have a great deal of respect for you people, but how can you support a revenue sharing program if you have particular regionalized pressures that result from concentrations of needy?

Dr. OTTINA. We are really consolidating into the set-aside for handicapped four current State grant programs. They are already programs that flow to the States and we are proposing that that be simplified and consolidated into a single area to deal with the problem of the handicapped.

Senator STEVENS. How does the area need reflect in that?

Suppose California gets whopped by catastrophic impact of one of these? Now, how can they get an increase under the revenue sharing program, that would in any way reflect their increased need?

Dr. MARTIN. They would have the same problem now, Senator. The funds that would go to California go primarily on a population basis.

Senator STEVENS. But you have some discretion in the $37 million, do you not?

Dr. MARTIN. That is distributed by formula, but we do have these other programs which we use to help when a situation of that kind comes up where we could conceivably ask for revised legislative authority.

This year, for example, in two States there was court action requiring them to move very quickly to help handicapped children. In both those States we made special efforts in the manpower development area to gather together the State education agency, colleges, and universities and to bring in model projects that might be useful from across the country, and do the best we could to help the State see what kinds of manpower response they could make.

We do that with these other programs, but the formula grant programs are fixed by statute as to how much each State would get as a percentage of total population.

Senator STEVENS. Please submit for the record your breakdown for current allocations to States.

FUNDS FOR HANDICAPPED FROM STAFF AND REVENUE SHARING

How much does each State get under the 1973 allocation and how much will it get under the revenue sharing?

Compare what Alabama got under the 1973 allocation and the categorical programs, and how much it would get under the revenue sharing.

[The information follows:]

Better Schools Act Based on 1973 Spending Plan

State or Outlying Area	State Grants EHA	Sec. 103(a)(3) ESEA I	Handicapped Earmark Sec. 305(b)(8) - ESEA III State Grants	Handicapped Earmark Sec. 305(b)(8) - ESEA III Discretionary
TOTAL	$37,500,000	$75,962,098	$17,073,891	$3,013,040
Alabama	623,197	645,770	290,518	51,268
Alaska	200,000	1,071,782	49,618	8,756
Arizona	292,683	426,071	162,673	28,707
Arkansas	330,113	936,409	170,035	30,006
California	3,385,395	1,770,923	1,501,372	264,949
Colorado	401,127	1,232,208	193,893	34,216
Connecticut	508,420	1,388,035	251,074	44,307
Delaware	200,000	571,945	67,707	11,948
Florida	1,071,232	1,552,513	514,429	90,782
Georgia	832,051	654,369	375,743	66,308
Hawaii	200,000	242,984	84,067	14,835
Idaho	200,000	160,368	81,285	14,344
Illinois	1,901,098	4,065,275	858,822	151,557
Indiana	926,786	1,999,221	422,006	74,472
Iowa	492,895	650,792	239,513	42,267
Kansas	388,245	1,105,376	193,088	34,074
Kentucky	572,173	603,205	269,047	47,479
Louisiana	696,632	2,038,346	313,549	55,332
Maine	200,000	539,575	100,532	17,741
Maryland	691,156	1,243,727	323,719	57,127
Massachusetts	958,174	3,193,707	443,688	78,[illegible]8
Michigan	1,624,522	4,869,149	714,817	126,144
Minnesota	693,438	967,695	321,127	56,670
Mississippi	423,539	420,051	201,021	35,474
Missouri	.789,238	1,763,614	373,112	65,843
Montana	200,000	268,712	80,104	14,136
Nebraska	248,063	319,015	137,569	24,277
Nevada	200,000	99,746	62,230	10,982
New Hampshire	200,000	327,184	80,680	14,238
New Jersey	1,180,056	3,873,507	555,965	98,111
New Mexico	200,000	327,185	108,692	19,181
New York	2,934,166	9,337,521	1,342,258	236,869
North Carolina	916,643	2,079,619	408,690	72,122
North Dakota	200,000	253,234	74,161	13,087
Ohio	1,875,154	4,560,804	835,443	147,431
Oklahoma	430,532	621,693	214,656	37,880
Oregon	355,386	1,162,858	181,683	32,062
Pennsylvania	1,946,284	5,055,335	893,565	157,688
Rhode Island	200,000	484,021	93,758	16,545
South Carolina	494,334	1,033,576	227,454	40,139
South Dakota	200,000	3[illegible]9,541	77,678	13,708
Tennessee	678,849	801,408	318,516	56,209
Texas	2,020,909	3,[illegible]7,497	882,387	155,715
Utah	210,893	377,487	110,680	19,532
Vermont	200,000	659,528	59,239	10,454
Virginia	822,173	1,230,488	374,263	66,046
Washington	595,157	1,279,703	281,472	49,672
West Virginia	296,941	449,717	155,313	27,408
Wisconsin	800,113	1,931,063	366,216	64,626
Wyoming	200,000	164,021	51,317	9,056
District of Columbia	200,000	837,705	77,827	13,734
American Samoa	70,000	---	17,611	3,108
Guam	80,000	48,153	27,084	4,780
Puerto Rico	652,233	523,667	372,971	65,818
Trust Territory	80,000	---	29,677	5,237
Virgin Islands	80,000	---	20,454	3,610
BIA	130,000	---	37,823	6,675

Better Schools Act Based on 1973 Spending Plan (Cont'd.)

State or Outlying Area	Sec. 122(e)(3) VEA	Total	Handicapped 1974 Level with $2,770,992,000 Appropriation Under BSA
TOTAL	$38,384,346	$171,933,375	$164,878,000[1]
Alabama	787,243	2,397,996	2,840,000
Alaska	50,561	1,380,717	268,000
Arizona	369,149	1,279,283	1,478,000
Arkansas	420,455	1,887,018	1,514,000
California	3,205,938	10,128,577	15,212,000
Colorado	453,320	2,314,764	1,792,000
Connecticut	427,951	2,619,787	2,340,000
Delaware	89,860	941,460	454,000
Florida	1,262,417	4,491,373	4,899,000
Georgia	1,025,730	2,954,201	3,726,000
Hawaii	134,539	676,425	622,000
Idaho	163,203	619,200	606,000
Illinois	1,695,413	8,672,165	8,711,000
Indiana	991,779	4,414,264	4,220,000
Iowa	543,537	1,969,004	2,261,000
Kansas	434,226	2,155,009	1,740,000
Kentucky	739,612	2,231,516	2,569,000
Louisiana	852,698	3,956,557	3,166,000
Maine	213,107	1,070,955	789,000
Maryland	666,500	2,982,229	3,160,000
Massachusetts	930,075	5,603,942	4,284,000
Michigan	1,572,798	8,907,430	7,456,000
Minnesota	730,964	2,769,894	3,199,000
Mississippi	516,921	1,597,006	1,932,000
Missouri	888,539	3,880,346	3,601,000
Montana	151,055	714,007	597,000
Nebraska	287,960	1,016,884	1,179,000
Nevada	72,640	445,598	384,000
New Hampshire	143,161	765,263	576,000
New Jersey	1,030,887	6,738,526	5,472,000
New Mexico	237,570	892,628	945,000
New York	2,555,858	16,406,672	13,269,000
North Carolina	1,216,733	4,693,807	4,028,000
North Dakota	144,489	684,971	533,000
Ohio	1,932,559	9,351,391	8,583,000
Oklahoma	553,548	1,858,309	1,947,000
Oregon	410,846	2,143,835	1,627,000
Pennsylvania	2,123,737	10,176,609	8,903,000
Rhode Island	176,544	970,868	683,000
South Carolina	643,627	2,439,130	2,191,000
South Dakota	151,673	792,600	570,000
Tennessee	891,364	2,746,346	3,050,000
Texas	2,371,740	8,818,248	9,138,000
Utah	260,199	978,791	951,000
Vermont	94,754	1,023,975	356,000
Virginia	986,740	3,479,710	3,647,000
Washington	621,700	2,827,704	2,678,000
West Virginia	393,216	1,322,595	1,347,000
Wisconsin	868,950	4,030,968	3,659,000
Wyoming	69,154	497,548	280,000
District of Columbia	116,442	1,245,708	500,000
American Samoa	6,450	97,169	(
Guam	20,670	180,687	(
Puerto Rico	648,855	2,263,544	(4,946,000
Trust Territory	21,102	136,016	(
Virgin Islands	13,588	117,652	(
BIA	---	174,498	

[1] Rounded to nearest thousand

OTHER TYPES OF HANDICAPPED PROGRAMS

Dr. **Ottina**. Senator, if I might, the revenue sharing does not consolidate any programs which are not already formula to the States.

Second, there are still an additional $94 million that we are proposing to retain outside of the Better Schools Act entirely.

Senator **Stevens**. Yes, there is some rationale for it. I do not like to see around corners too much, but you are putting all these programs together in one lump sum and you are calling it revenue sharing. Now you are saying that we will first take out so much for impact aid, and then adjust so much of what is left goes here and there.

Something is happening to those moneys. What you are doing is passing on to the States the burden of inflation. Because you are basing it on 1972 appropriations, I frankly intend to give you as bad a time as I can about these programs because I do not think you cannot find a way to get the States the money with fewer strings and still have some control on them on a national level.

Dr. **Ottina**. The other point that I just wanted to add is Dr. Martin and we have discussed the distribution of children who cannot normally profit from the education that is in the typical school.

The estimates have been around 9 percent, including emotionally disturbed and other disturbed, across the population, and looked in that type of distribution, it seems to be as I recall fairly well distributed among the States.

Dr. **Martin**. Yes. Our assumption is that that is true, and we have always maintained that these kinds of conditions would probably balance out. Where a State has a high urban population, or where the poverty line includes many citizens, the prevalence of handicapped individuals is higher. That is our assumption—it is probably not completely accurate, but the States have not done the job of providing us with the information carefully enough to make those kind of fine line discriminations.

DEAF-BLIND PROGRAM

Senator **Stevens**. If you had $10 million and took care of 2,900 of the 4,500, then it would seem to me that if you had about $20 million you should take care of them all, should you not?

Dr. **Martin**. That is about what we project out for this program, is $20 million plus the cost of living escalation. I think we figured it would get to about $25 million or $28 million, then we would be able to do this.

We have been aiming at that by the end of the decade, if we can.

Senator **Stevens**. But you have lost 2 years.

Again, I know you people did not make the final decisions. Mr. Miller did. He wants to defend himself now. [General laughter.]

Mr. **Miller**. No, I will defend the budget rather than myself in this instance, but I do, while we have said it several ways, I am not sure we have come through clearly to you that in the funds that we have before you for the handicapped there are three Federal dollars awarded nationally, for every one that is in revenue sharing.

So——

Senator **Stevens**. As I understand it, revenue sharing is for categorical formula grant areas, but you retain your discretionary powers.

Is that correct?

Mr. **Miller**. That is correct.

The other point I would make in response to you, sir—and of course, none of us at the table claim that we are meeting the needs that we would like to meet—is that when you take a look at the increase in the Federal budget, the total Federal budget increases from $250 billion in 1973 to $268.7 billion in 1974. Practically the entire amount is eaten up, as you know, by either uncontrollable items, or mandatory increases such as in the Defense Department, the cost increases for salaries, so that I think you will find that the net in discretionary programs for the Federal budget is down.

The very fact that this program stays level is an indication that it is an important program that we will keep level.

Senator **Stevens**. We set a $2.5 billion limit on social services and you come in with a $2 billion request. We tried to get you to reallocate that money. We would be glad to take that $500 million and put it in here.

Mr. **Miller**. We have already counted that $500 million. We have already saved it.

Senator **Stevens**. But you are not even going to spend the $2 billion. This does not make sense to me.

You come in. We have got a cost increase on Government employees. We have got a cost increase on military employees. We have got a cost increase just on devaluation of the dollar throughout the world, and you sit here and we are looking at disabled children, and what a hell of a place to maintain a budget, you know?

Mr. **Miller**. But I think the Federal role here, the Federal percentage that we contribute to the total education of handicapped children, is small. It is a stimulatory program. It is a demonstration program. The real money has always come at the State and local level.

Senator **Stevens**. How far back does this $10 million go?

Dr. **Martin**. The first appropriation was in 1969, $1 million; 1970, $4 million; 1971, $4.5 million; 1972, $7.5 million; 1973, $10 million.

Senator **Stevens**. I believe it went up $2.5 million last year.

Dr. **Ottina**. Between 1972 and 1973.

CRISIS CARE FACILITIES

Senator **Stevens**. We will see that you get a similar increase this year. You are talking about crisis care facilities. Please explain this.

Dr. **Martin**. Well, you have to picture for a moment these children. Here is a child who cannot hear parental instructions. He cannot see his way around his home. He cannot talk in order to communicate.

In many instances, he has neurological damage as well because the rubella strikes that way, through the central nervous system. He requires constant attention and care from his parent or school. If you find a school situation for these children, you will find almost one adult per child.

Now, the burden of this on a family is great. When the family wanted to do anything socially, it would be extremely difficult to get a baby sitter to come in and take care of a youngster who could not talk, see, hear, or even really relate in any way, so that the parents are put under a tremendous emotional and physical burden from which there is no respite.

So on an experimental basis, we began to support some programs where for weekends of 48 hours or 72-hour periods a youngster could come in and get good care, not just custodial care—but care plus some training where there would be work with the parents, too, to show them what was going on. But the function of respite care means just that. It is a way of helping with the burden of children who are at home, in school age population, for a part of the day, but demand such care that it overwhelms the family.

This is true, by the way, not only for deaf-blind, but of autistic children, and other severely emotionally disturbed children and retarded children.

NUMBER OF FACILITIES AND OPERATIONAL COSTS

Senator STEVENS. How many of these facilities do you have, and what are they costing?

Dr. MARTIN. Right now we have a limited number because we are experimenting with them to see whether they are cost beneficial and to see if there are other ways we can meet this need. We have one primary one in North Carolina. There are about 20 programs operating now. The cost I am going to have to supply for the record, but my impression is it is running something like $500 a child. I may have to correct that because I do not have the figures here.

[The information follows:]

One of our experiments and models is the Western Carolina Center, in Morganton, North Carolina. It operates under the guidance of the Mid-Atlantic Regional Center for Deaf-Blind Children. The purpose of this center was to provide a specialized respite care center to provide services solely to deaf-blind children and their parents. The services they provide are of the nature of emergency residential care and training services for these children as needed; assist their parents in developing and carrying out home based education and training programs; and assisting with educational diagnosis and evaluation services.

While we do not operate in any of our regional centers, a permanent specialized respite or crisis care service, there is a need which is being met through these short term services being provided on a demand basis. Centers also purchase on a demand basis crises care services for deaf-blind children from other State and local health, education and welfare agencies. So that all centers are geared up to provide short term crisis care services ranging from a few days to a week, a month, or longer if absolutely necessary. The average cost for maintenance of a child with these services is $20/per day.

VARIETY OF APPROACHES

Senator STEVENS. How long have they been operating?

Dr. MARTIN. About a year.

Senator STEVENS. These are for experimental, developmental programs?

Dr. MARTIN. You see, under the deaf-blind appropriation, we do a variety of different things. We support diagnostic care. We support teaching for children. We support parent consultation, we support respite care, et cetera.

We do not do other things with the money. For example, we don't do research with it and things of that nature. We are aiming at services, but we have five or six different models of services that we are doing, and we work through a variety of different agencies; some schools, some, for example, Easter Seal centers, some State schools for the blind—wherever people have expressed the willingness or have the nucleus capability, we build.

PROGRAMS FOR RURAL AREAS

Senator **Stevens**. What do you do for the rural areas where there is no nucleus capability?

What are you doing throughout the Kentucky area, or the hills of West Virginia? How do you help the people there?

Dr. **Martin**. Well, we try to create in every region at least one service capability, but we have quickly then expanded—that's where this money has gone—to developing, so that in almost each State, there's at least one facility where youngsters can go.

For example, I've visited in De Kalb County, which is a county just outside of Atlanta, and they serve now all the deaf-blind children in Georgia, or they will be served there.

If youngsters grow past a certain age, and are able to take part in regular school programs, some of them are served locally, or they can go to Taladega to the Institute of the Deaf-Blind in Alabama, which is the regional center for the southeast region.

In each State now there is some capability. We also have several schools which are very well defined, like the one in Washington, and the Perkins School in Massachusetts, the Alabama Institute for the Deaf and Blind, a center in Dallas, where there can be some residential capabilities for children as well.

But most States are choosing to pick a metropolitan area, and develop a program there. Children will either stay on a residental base, or some parents will move to an area like that. This is a tremendous burden on the parent.

Frankly it embarrasses me to tell you, but I received a call here yesterday from a man who works on the Senate staff, who was willing to move from Virginia to Maryland in order to get his youngster in the program in Montgomery County, where it's better than the county he lives in now. And it bothers me, but it's a fact of life.

Senator **Stevens**. It shouldn't bother you. I know of one island where they abandoned the island and moved in and camped outside of Nome where there is a school.

Dr. **Martin**. Well, it's too bad that families have to do that, because they may have to change jobs, sell homes, uproot other children. There are many reasons why that's not desirable, but it's the way people survive.

For example, we cooperate with the military in terms of identifying the special facilities around the United States. We have a large computer bank that's in our recruitment and information program, and we frequently advise military people where there are education programs so they can apply for a transfer to a particular military base where there might be better facilities for handicapped kids.

Senator **Stevens**. Do you do the same thing for the nonmilitary?

Dr. **Martin**. Yes. It's the item in the budget called information and recruitment. We have a file of some 15,000 to 20,000 special education programs across the country by State.

HEAD START

Senator STEVENS. What happened to the provision in the Economic Opportunity Act, which stated that 10 percent of the children in Head Start, would be reserved for those who are handicapped?

Dr. MARTIN. We are working with them. It's basically administered by the Head Start program, and we are cooperating to try to implement it. One of the particular things that we did with them was that we took six of our most effective centers, funded those centers specifically to cooperate with Head Start programs. And some are already doing it. I mentioned the Alaskan one; the one in Seattle already does this, et cetera.

We are giving them technical assistance. We have also been in contact with the college and universities that have been supported under this appropriation, and asked them to provide technical assistance to any Head Start project in their region, and help identify children to help guide the staff there in training.

I can't report to you about Head Start's progress fully. But I would say to you, that we are cooperating with them on it.

BACK-DATING PROBLEM

Senator STEVENS. Our action concerning this $23 million is to make sure that you would not lose the money for handicapped education, caused by contract difficulty.

Is there any disagreement with that, Mr. Miller?

Mr. MILLER. Well, there may be, Mr. Chairman, when the House acted, they asked us for a plan as to how we would handle the back-dating problem, which we provided them, without having to request additional fiscal year 1973 funds. And I guess that still is our proposal to the Congress.

So you will go into conference with that item, and I guess we will be recommending that you stick with our plan.

Senator STEVENS. It is my understanding that the House already rejected it.

Mr. MILLER. We have a letter from Mr. Flood telling us that he is not entirely satisfied with our plan, to which we have replied.

FUNDING LEVEL UNDER CONTINUING RESOLUTION

Senator STEVENS. Let me ask you a general question. Have any of these moneys we are talking about been impounded? Did you have any impoundments in your area at all?

Mr. MILLER. Not impoundments.

Senator STEVENS. I'm not talking about budgetary reserves in our allocation over a fiscal year. Have you been denied access to any of the money?

Mr. MILLER. I don't want to mislead you, Mr. Chairman.

Senator STEVENS. I hope you don't, Mr. Miller. [General laughter.]

Mr. MILLER. The lower of the House or Senate amount in the continuing resolution is higher than our current spending plan.

Senator STEVENS. The vetoed bill had $162.3 million, and your operating level is $133.1 million.

Was your operating level established in this document? Also is that consistent with the continuing resolution?

Are any of the moneys that were available to you under the continuing resolution been impounded?

Mr. MILLER. They are not in our spending plan, Mr. Chairman. Of course, we have an opinion from the Justice Department that the continuing resolution level constitutes a maximum, and that legally, we can spend below it. The moneys are apportioned. Before this fiscal year is over, a determination will have to be made, in fact, as to whether we will spend the funds; or whether they will have to placed in reserve, and in your definition, impounded.

But I think the facts of the matter are that we are not spending at the fully authorized levels.

Senator STEVENS. I would remind you of what you just said, that there are places you can control, and places you can't control.

I think you can control food stamps and a lot of other things better than we do. I'm against the program, but there are a lot of abuses there because of the cost of straightening them out.

I would like to know, and I'm sure the committee would like to know for the record, what amount of money was available to you for these activities that are covered by your section of the HEW budget under the continuing resolution? Specifically what is the maximum amount of money available?

We have the operating level figure of $131,109,000. To the extent that the maximum amount available under that resolution exceeds that, where did it come from? What areas?

If you do not want to call it impoundment, you're just not programed for expenditure. Where are the moneys?

EDUCATION FOR THE HANDICAPPED FUNDING LEVELS

Mr. MILLER. We will put that in the record by specific line item.

[The information follows:]

COMPARISON OF "EDUCATION FOR THE HANDICAPPED" PROPOSED OPERATING LEVEL FOR FISCAL YEAR 1973 AND THE AMOUNT AVAILABLE UNDER THE CONTINUING RESOLUTION

	1973	
	Authorized level	Operating level
Education for the handicapped:		
1. State grant program	$50,000,000	$37,500,000
2. Special target programs:		
(a) Deaf-blind centers	10,000,000	10,000,000
(b) Early childhood projects	12,000,000	12,000,000
(c) Specific learning disabilities	3,250,000	3,250,000
(d) Regional resource centers	7,243,000	7,243,000
Subtotal	32,493,000	32,493,000
3. Innovation and development	9,916,000	9,916,000
4. Technology and communications:		
(a) Media services and captioned films	13,000,000	13,000,000
(b) Recruitment and information	500,000	500,000
Subtotal	13,500,000	13,500,000
5. Special education and manpower development	37,610,000	37,610,000
Total	143,519,000	131,019,000

OPERATING PLAN FOR "EDUCATION FOR THE HANDICAPPED"

Dr. Martin. It's a simple item, I might say. Everything is with the exception of the State grant program where the House appropriated $50 million rather than $37.5 million; and the Senate $80 million; and conference bill was $65 million.

So that's the only item——

Senator Stevens. I do not think you understand my question.

Dr. Martin. I thought you were just talking about education for the handicapped.

Senator Stevens. No; we have just been through several other areas here this morning and in the past few days about the Office of Education.

Mr. Miller. Well, we will be glad to. We have provided the committee——

Senator Stevens. I understand you have a table.

Mr. Miller. We will provide the committee with that table, that shows our spending plan with our continuing resolution authorization.

Senator Stevens. Please submit it for the record.

[The information follows:]

Comparison of the Office of Education's proposed operating level for FY 1973 and the amount available under the continuing resolution

	1973	
	Authorized Level	Operating Level
Elementary and secondary education:		
1. Aid to school districts:		
(a) Educationally deprived children...	$ 1,810,000,000	$ 1,585,185,000
(b) Supplementary services:		
(1) State plan programs...........	145,684,000	126,306,067
(2) Special programs and projects.	25,709,000	20,086,933
Subtotal.........	171,393,000	146,393,000
Subtotal............	1,981,393,000	1,731,578,000
2. Strengthening State departments of education:		
(a) General support..................	43,000,000	33,000,000
(b) Comprehensive planning and evaluation.....................	10,000,000	4,964,000
Subtotal............	53,000,000	37,964,000
3. Bilingual education....................	44,950,000	35,080,000
4. Follow Through.........................	57,700,000	57,700,000
5. Equipment and minor remodeling.........	50,000,000	2,000,000
Total....................	2,187,043,000	1,864,322,000
School assistance in Federally affected areas:		
1. Maintenance and operations:		
(a) Payments to local educational agencies........................	603,995,000	527,252,000
(b) Payments to other Federal agencies	41,500,000	41,500,000
Subtotal............	645,495,000	568,752,000
2. Construction..........................	25,910,000	15,910,000
Total.....................	671,405,000	584,662,000
Emergency School Assistance:		
1. Special projects:		
(a) Metropolitan area projects.........	11,397,000	11,397,000
(b) Bilingual education projects......	9,117,000	9,117,000
(c) Educational televeision...........	6,838,000	6,838,000
(d) Special programs and projects.....	11,397,000	11,397,000
(e) Evaluation........................	2,280,000	2,280,000
Subtotal............	41,029,000	41,029,000

	1973	
	Authorized Level	Operating Level
2. State apportionment:		
(a) Pilot programs	$ 34,191,000	$ 34,191,000
(b) Special programs and projects	18,235,000	18,235,000
(c) General grants to LEA's	134,485,000	134,485,000
Subtotal	186,911,000	186,911,000
3. Training and advisory services	21,700,000	21,700,000
4. Emergency school assistance activities	21,000,000	21,000,000
Total	270,640,000	270,640,000
Education for the handicapped:		
1. State grant program	50,000,000	37,500,000
2. Special target programs:		
(a) Deaf-blind centers	10,000,000	10,000,000
(b) Early childhood projects	12,000,000	12,000,000
(c) Specific learning disabilities	3,250,000	3,250,000
(d) Regional resource centers	7,243,000	7,243,000
Subtotal	32,493,000	32,493,000
3. Innovation and development	9,916,000	9,916,000
4. Technology and communications:		
(a) Media services and captioned films	13,000,000	13,000,000
(b) Recruitment and information	500,000	500,000
Subtotal	13,500,000	13,500,000
5. Special education and manpower development	37,610,000	37,610,000
Total	143,519,000	131,019,000
Indian education:		
1. Financial assistance to local education agencies for the education of Indian children	11,500,000	11,500,000
2. Special programs and projects to improve educational opportunities for Indian children	5,000,000	5,000,000
3. Special programs relating to adult education for Indians	500,000	500,000
4. Administration:		
(a) Administration	450,000	450,000
(b) Planning	400,000	400,000
(c) Advisory Council	150,000	150,000
Subtotal	1,000,000	1,000,000
Total	18,000,000	18,000,000

	1973	
Occupational, vocational, and adult education:	Authorized Level	Operating Level
1. Grants to States for vocational education:		
(a) Basic vocational education programs:		
(1) Annual appropriation	$ 426,682,000	$ 376,682,000
(2) National Advisory Council	330,000	330,000
Subtotal	427,012,000	377,012,000
(b) Programs for students with special needs.	29,898,000	20,000,000
(c) Consumer and homemaking education	38,322,000	25,625,000
(d) Work-study	10,524,000	6,000,000
(e) Cooperative education	19,500,000	19,500,000
(f) State advisory councils	3,204,000	2,690,000
Subtotal	528,460,000	450,827,000
2. Vocational research:		
(a) Innovation	16,000,000	16,000,000
(b) Curriculum development	6,000,000	4,000,000
(c) Research—Grants to States	18,000,000	18,000,000
Subtotal	40,000,000	38,000,000
3. Career education	14,000,000	---
4. Adult education:		
(a) Grants to States	75,000,000	51,300,000
(b) Special projects	7,000,000	7,000,000
(c) Teacher training	3,000,000	3,000,000
Subtotal	85,000,000	61,300,000
Total	667,460,000	550,127,000
Higher Education:		
1. Student assistance:		
(a) Grants and work-study:		
(1) Basic opportunity grants	122,100,000	122,100,000
(2) Supplementary opportunity grants	210,300,000	210,300,000
(3) Work-study	270,200,000	270,200,000
Subtotal	602,600,000	602,600,000
(b) Cooperative education	10,750,000 1/	10,750,000 2/
(c) Subsidized insured loans:		
(1) Interest on insured loans	245,000,000 1/	245,000,000 2/
(d) Direct loans:		
(1) Federal capital contributions	548,400,000 3/	548,400,000 3/
(2) Loans to institutions	3,970,000	3,970,000
(3) Teacher cancellations	10,000,000	10,000,000
Subtotal	562,370,000	562,370,000
Subtotal	1,420,720,000	1,420,720,000

	1973	
	Authorized Level	Operating Level
2. Special programs for the disadvantaged:		
(a) Talent Search	$ 6,000,000 1/	$ 6,000,000 2/
(b) Special services in college	20,000,000 1/	26,000,000 2/
(c) Upward Bound	38,331,000 1/	38,331,000 2/
Subtotal	64,331,000	70,331,000
3. Institutional assistance:		
(a) Strengthening developing institutions	74,992,000 1/	99,992,000 2/
(b) Construction:		
(a) Subsidized loans	14,069,000 1/	14,069,000 2/
(b) Grants	---	---
Subtotal	14,069,000	14,069,000
(c) Language training and area studies	12,360,000 1/	2,360,000
(d) University community services	15,000,000	5,700,000
(e) Aid to land-grant colleges:		
(1) Annual appropriation	10,000,000	---
(2) Lump sum payment--Virgin Is. and Guam	6,000,000	6,000,000
Subtotal	16,000,000	6,000,000
(f) Veterans cost of instruction	25,000,000	25,000,000
(g) State post secondary Education commissions	3,000,000	3,000,000
Subtotal	160,421,000	156,121,000
4. College personnel development:		
(a) College teacher fellowships	20,000,000 4/	20,000,000
(b) Fellowships for disadvantaged	---	---
(c) Allen J. Ellender fellowships	500,000	500,000
Subtotal	20,500,000	20,500,000
Total	1,665,972,000	1,667,672,000
Library Resources:		
1. Public libraries:		
(a) Services	69,500,000	32,730,000
(b) Construction	15,000,000	---
Subtotal	84,500,000	32,730,000
2. School library resources	100,000,000	90,000,000
3. College library resources:		
(a) College library resources	12,500,000	10,500,000
(b) Librarian training	3,572,000	3,000,000
(c) Library demonstrations	1,785,000	1,500,000
Subtotal	17,857,000	15,000,000

	1973	
	Authorized Level	Operating Level
4. Undergraduate instructional equipment	$ 12,500,000	$ ---
Total	214,857,000	137,730,000
Educational development:		
1. Education professions development:		
(a) Teacher corps	37,500,000	37,500,000
(b) State grants	---	---
(c) Long-term training:		
(1) Bilingual	2,965,000	---
(2) Other	2,965,000	---
Subtotal	5,930,000	---
(d) Elementary and secondary development:		
(1) Urban rural	12,135,000	12,135,000
(2) Career opportunities	23,572,000	23,572,000
(3) Categorical programs	13,841,000	13,841,000
(4) Exceptional children	4,112,000	4,112,000
(5) Media	---	---
(6) Technology	---	---
(7) Undergraduate prep. of educ. personnel	1,000,000	---
Subtotal	54,660,000	53,660,000
(e) Vocational education	11,860,000	6,900,000
(f) New Careers in education	500,000	500,000
(g) Higher education:		
(1) Institutes	5,828,000	5,828,000
(2) Fellowships	2,172,000	2,172,000
Subtotal	8,000,000	8,000,000
Subtotal	118,450,000	106,560,000
2. National priority programs:		
(a) Educational technology demonstrations:		
(1) Educational broadcasting facilities	13,000,000	13,000,000
(2) Sesame Street-Electric Company	7,000,000	6,000,000
Subtotal	20,000,000	19,000,000
(b) Drug abuse education	12,400,000	12,400,000
(c) Right to read	12,000,000	12,000,000
(d) Environmental education	4,000,000	3,180,000
(e) Nutrition and health	2,500,000	2,000,000
(f) Dropout prevention	10,000,000	8,500,000
Subtotal	60,900,000	57,080,000

	1973	
	Authorized Level	Operating Level
3. Data systems improvement:		
(a) Educational statistics:		
(1) Surveys and special studies.....	$ 6,900,000	$ 4,250,000
(2) Common core of data............	---	---
Subtotal........	6,900,000	4,250,000
(b) National achievement study..........	7,000,000	6,000,000
Subtotal........	13,900,000	10,250,000
Total.........................	193,250,000	173,890,000
Educational activities overseas: (special foreign currency program)..........	3,000,000	3,000,000
Student Loan Insurance........................	46,640,000 5/	46,640,000 6/
Higher educational facilities loan & insurance fund:		
1. Participation sales insufficiencies......	2,921,000	2,921,000
Salaries and expenses:		
1. Program administration..................	78,642,000	78,642,000
2. Planning and evaluation..................	10,455,000	10,455,000
3. General program dissemination............	750,000	750,000
4. Advisory committees.....................	524,000	524,000
Total........................	90,371,000	90,371,000
Total, OE....................	6,175,078,000	5,540,994,000

FOOTNOTES:

1/ Includes lower of House or of Senate Committee in Second Supplemental bill.

2/ Includes proposed supplemental.

3/ Includes two academic years.

4/ Includes lower of House or Senate Committee on Second Supplemental bill.

5/ Includes lower of House or of Senate Committee on Second Supplemental bill.

6/ Includes proposed supplemental.

THE OPERATING LEVEL AND THE CONTINUING RESOLUTION

Mr. **Miller**. You realize that the authorization level in the continuing resolution is about $1.1 billion over the President's budget, and he vetoed two bills, the second of which was about $350 million above his budget. To expect us after two vetoes to spend $1.1 billion above, is really beyond any practical possibility of meeting the ceiling that we have to meet in the budget.

Senator **Stevens**. I would like to know those areas in which spending did not occur.

Mr. **Miller**. Well, we have provided the committee with the sort of table that shows it. In fact, it was provided by transmittal letter from the secretary to the two committees.

NEW MATH

Senator **Stevens**. Senator Cotton has a problem concerning the "new math" in several editorials in New Hampshire by a gentleman named Mr. Loeb. On page 4 of the Emergency School System statement, you focus on mathematics among other subjects. A few months ago there was an article in the Washington Post about a Ph. D. who took his daughter's fourth grade "new math" text to his office. Accompanied by a certified public accountant, he found that neither he nor his colleagues could work any of the problems. I must confess that after college calculus, I can't help my boys either.

It's a very interesting occurrence that in many families, parents can no longer assist their children because of the great difference in terminology.

Is the Office of Education satisfied with the "new math"? Apparently many concerned people feel that we are being taken down the same road that sight readers took us after World War II. This resulted in millions of students unable to read. They had to have a new concept in reading.

Is "new math" really as successful as they think it is, and if so, why don't you have a program to teach us oldtimers how we can understand it? [General laughter.]

Mr. **Mattheis**. The first thing I would say, Mr. Chairman, with regard to specific curriculums, is that there is not an area in the Federal Government—and I don't think any of us would like to see it—where the Federal Government is laying on, precisely and very heavily——

SIGHT READING PROGRAM

Senator **Stevens**. Well, I can hear Senator Cotton right now. He would be upset by your reply. He would be the last to suggest that, but there is a role for the Federal Government to analyze these directions and tell us whether they are successful. We certainly do not want another sight reading situation.

Mr. **Mattheis**. Oh, I think that one is not all that clear on the record either as to what sight reading was and as to which children suffered and which did not.

And my own experience in local school districts is that it all ended up being at the discretion of local teachers, which is based upon their training. And I have yet to find very many who were totally off in left field without getting into other aspects of teaching children how to read. But it varies by State and schools, and there are many variances.

PROGRESS OF U.S. STUDENTS IN MATH PROGRAMS

There have been studies in the area of mathematics. One, a number of years ago, indicated that internationally, our students who were going through our modern mathematics programs were not doing as well as some of the students in other countries.

Since then, reports—and probably, this was due to teachers, and colleges/universities changing the direction of their program a little bit—have looked a little bit more favorable.

Senator STEVENS. The math that put a man on the Moon and led us into the whole computer age was the old math.

Has anyone analyzed the "new math"?

Dr. OTTINA. The new math. The basic concepts, sir, are behind the man on the Moon and the computer technology; are the same concepts that are being taught in the new math. We're in a field of discourse here, where I personally have spent a great deal of my professional life. And yet, what we are teaching youngsters today are the same kinds of concepts that were taught at college level.

As a matter of fact, I have youngsters 9, 10 and 11, who are being introduced to ideas that I learned as a graduate student in mathematics. They are being introduced to these ideas at a very, very early age. And you are finding, I think, that children are going much further, much sooner.

For example, we are frequently teaching calculus in high school, not in the freshman or sophomore year in college, but in high school.

Senator STEVENS. I realize that.

Dr. OTTINA. I think that this program will have a very long-term effect, and some of the short-term effects are kind of a reaction because some of us were never taught those concepts since they were reserved for mathematicians, and were often reserved for a graduate level.

And I think that in the 20-year period, we will find a great improvement in the utilization of mathematics and the understanding of what mathematical concepts are all about. We have to have a little bit more time before that effect will truly take hold.

Senator STEVENS. I think that is the problem we must investigate. I think it is a legitimate problem and one for the legislative process. The question is whether we have a system that is carrying out a new theory without knowing its successes or failures.

I take it you would defend new math?

Dr. OTTINA. I personally would because of my background.

COMPARISON OF NEW AND OLD MATH STUDENTS

Senator STEVENS. Have you done anything with the studies in the Office of Education to determine what new math is accomplishing and comparing results of examinations with people who have studied new math compared with those who have not? Have you made other comparisons?

Mr. MATTHEIS. There have been studies, Mr. Chairman.

Senator STEVENS. Senator Cotton suggests another question. In the fall of 1967 using the Stanford Achievement Test, an arithmetic computation sub-test, of the Stanford Achievement Test, the median raw score for the State a New Hampshire equaled a grade of 6.8; that was a drop of 2 years in the computational ability ,from the fall of 1963 to the fall of 1967, after the institution of "new math" in the State of New Hampshire.

I think Senator Cotton has raised an interesting question; that is to whether or not we ought to start taking a good look at where we are going with new math, and whether it is as successful as people claim it should be.

Is not that a legitimate function of education?

Mr. MATTHEIS. To a degree. I would say the one you have raised, however, should have been raised the moment after it was called to someone's attention. It should have caused very great concern indeed at the State department of education in that State.

Senator STEVENS. Apparently, it did.

Mr. MATTHEIS. It should.

REQUEST OF NEW MATH REPORT

Senator STEVENS. What I'm saying is that on February 1, the ranking minority member of the subcommittee asked for a report from the Office of Education on the progress of new math, but he says he has not received it.

Mr. MATTHEIS. I don't know where the request went.

Dr. OTTINA. If you'll look at the curriculum, you'll find that there is really a trade-off in the sacrifice for teaching, computational skills in the early years. The Stanford Achievement Test is measuring computational skills in these statistics, you quote.

I think if you look at the long-run, however, you will find that that is gained in the long-run, and that the equivalence is reached later, but with fuller understandings and a greater understanding of different kinds of techniques.

Let me just add that NSF, the National Science Foundation and NIE, are both very much concerned in this area.

Senator STEVENS. I would think so, but I think someone in the educational office should respond to Senator Cotton.

Mr. MATTHEIS. We will. We'll find out where that request went, and we'll get an answer back.

Senator STEVENS. I appreciate the information you have given the subcommittee today. We are vitally interested in this area, particularly, that area which we have just covered. I'm quite anxious about the awakening of the American public to the fact that problems of parents with disabled children should be carried on totally at the Federal level. I do not think it has to be completely handled by the States. In fact, I don't think we want it to be completely a State program.

JUSTIFICATION

Senator STEVENS. The justifications for the budget request will be inserted in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

EDUCATION FOR THE HANDICAPPED

For carrying out, to the extent not otherwise provided, the Education of the Handicapped Act, [and section 5 of Public Law 85-905, $162,359,000] [1] *$93,609,000.*

Explanation of Language Changes

1. Section 5 of Public Law 85-905 authorizes the National Advisory Committee on Education for the Deaf and, in 1974, advisory committees are to be consolidated under the Salaries and expenses appropriation.

Amounts Available for Obligation

	1973	1974
Appropriation	$ 131,109,000	$ 93,609,000
Comparative transfer to: "Salaries and expenses"	-90,000	---
Total, obligations	$ 131,019,000	$ 93,609,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
147	State grant program	$ 37,500,000	$ ---	$- 37,500,000
	Special target programs:			
149	(a) Deaf-blind centers	10,000,000	10,000,000	---
151	(b) Early childhood projects	12,000,000	12,000,000	---
153	(c) Special learning disabilities	3,250,000	3,250,000	---
154	(d) Regional resource centers	7,243,000	7,243,000	---
156	Innovation and development	9,916,000	9,916,000	---
	Technology and communication:			
161	(a) Media services and captioned films	13,000,000	13,000,000	---
165	(b) Recruitment and information	500,000	500,000	---
167	Special education and manpower development	37,610,000	37,700,000	+ 90,000
	Total obligations	$131,019,000	$ 93,609,000	$- 37,410,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Full-time equivalent of all other positions................	3	1	-2
Average number of all employees..	3	1	-2
Personnel compensation:			
Positions other than permanent....................	$ 32,500	$ 24,000	$ -8,500
Personnel benefits................	3,000	---	-3,000
Travel and transportation of persons.........................	53,500	61,000	+7,500
Transportation of things..........	4,000	4,000	---
Rent, communications, and utilities......................	2,000	---	-2,000
Printing and reproduction.........	27,000	28,000	+1,000
Other services			
Project contracts...............	10,734,000	32,798,000	+22,064,000
Supplies and materials............	1,000	1,000	---
Grants, subsidies, and contributions..................	120,162,000	60,693,000	-59,469,000
Total obligations by object.....	$131,019,000	$ 93,609,000	$-37,410,000

Summary of Changes

1973 Estimated obligations................................	$ 131,019,000
1974 Estimated obligations................................	93,609,000
Net change.................................	$- 37,410,000

	Base	Change from Base
Increases:		
A. Program:		
1. Special education and manpower development....................	$ 37,610,000	$ 90,000
Total, increases.........		90,000
Decreases:		
A. Program:		
1. State grant program..............	37,500,000	-37,500,000
Total, decreases.........		-37,500,000
Total, net change..........................		$-37,410,000

Explanation of Changes

Increases:

- A. Program:
  - 1. Special education and manpower development--The $90,000 increase will allow a slight increase in the number of institutions receiving funds for grants, from 324 in 1973 to 334 in 1974. Thus efforts toward meeting the shortage of special education teachers can be somewhat expanded.

Decreases:

- A. Program:
  - 1. State grant program--Under legislation to be proposed by the Administration, Federal support for education of the handicapped will be continued as part of Special Education Revenue Sharing.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Education of the Handicapped Act:		
Part C -- Section 621, Regional resource centers	$ 1/	$ 7,243,000
-- Section 622, Deaf-blind centers	1/	10,000,000
-- Section 623, Early childhood projects	1/	12,000,000
Part D -- Section 631 and 632, Special education and manpower development	1/	37,700,000
-- Section 633, Recruitment and information	1/	500,000
Part E -- Innovation and development	1/	9,916,000
Part F -- Media services and captioned films	20,000,000	13,000,000
Part G -- Special learning disabilities	1/	3,250,000

1/ Authorization expires June 30, 1973; extension legislation is proposed.

EDUCATION OF THE HANDICAPPED ACT

PART B—ASSISTANCE TO STATES FOR EDUCATION OF HANDICAPPED CHILDREN

AUTHORIZATION

SEC. 611. (a) The Commissioner is authorized to make grants pursuant to the provisions of this part for the purpose of assisting the States in the initiation, expansion, and improvement of programs and projects for the education of handicapped children at the preschool, elementary school, and secondary school levels.

(b) For the purpose of making grants under this part there is authorized to be appropriated $200,000,000 for the fiscal year ending June 30, 1971, $210,000,000 for the fiscal year ending June 30, 1972, and $220,000,000 for the fiscal year ending June 30, 1973.

(20 U.S.C. 1411) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 611 84 Stat. 178.

PART C—CENTERS AND SERVICES TO MEET SPECIAL NEEDS OF THE HANDICAPPED

REGIONAL RESOURCE CENTERS

SEC. 621. (a) The Commissioner is authorized to make grants to or contracts with institutions of higher education, State educational agencies, or combinations of such agencies or institutions, which combinations may include one or more local educational agencies, within particular regions of the United States, to pay all or part of the cost of the establishment and operation of regional centers which will develop and apply the best methods of appraising the special educational needs of handicapped children referred to them and will provide other services to assist in meeting such needs. Centers established or operated under this section shall (1) provide testing and educational evaluation to determine the special educational needs of handicapped children referred to such centers, (2) develop educational programs to meet those needs, and (3) assist schools and other appropriate agencies, organizations, and institutions in providing such educational programs through services such as consultation (including, in appropriate cases, consultation with parents or teachers of handicapped children at such regional centers), periodic reexamination and reevaluation of special educational programs, and other technical services.

(b) In determining whether to approve an application for a project under this section, the Commissioner shall consider the need for such a center in the region to be served by the applicant and the capability of the applicant to develop and apply, with the assistance of funds under this section, new methods, techniques, devices, or facilities relating to educational evaluation or education of handicapped children.

(20 U.S.C. 1421) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 621, 84 Stat. 181.

CENTERS AND SERVICES FOR DEAF-BLIND CHILDREN

SEC. 622. (a) It is the purpose of this section to provide, through a limited number of model centers for deaf-blind children, a program designed to develop and bring to bear upon such children, beginning as early as feasible in life, those specialized, intensive professional and allied services, methods, and aids that are found to be most effective to enable them to achieve their full potential for communication with, and adjustment to, the world around them, for useful and meaningful participation in society, and for self-fulfillment.

(b) The Commissioner is authorized, upon such terms and conditions (subject to the provisions of subsection (b)(1) of this section) as he deems appropriate to carry out the purposes of this section, to make grants to or contracts with public or nonprofit private agencies, organizations, or institutions to pay all or part of the cost of establishment, including construction, which for the purposes of this section shall include the construction of residential facilities, and operation of centers for deaf-blind children.

(c) In determining whether to make a grant or contract under subsection (b), the Commissioner shall take into consideration the need for a center for deaf-blind children in the light of the general availability and quality of existing services for such children in the part of the country involved.

(d)(1) A grant or contract pursuant to subsection (b) shall be made only if the Commissioner determines that there is satisfactory assurance that the center will provide such services as he has by regulation prescribed, including at least—

(A) comprehensive diagnostic and evaluative services for deaf-blind children;

(B) a program for the adjustment, orientation, and education of deaf-blind children which integrates all the professional and allied services necessary therefor; and

(C) effective consultative services for parents, teachers, and others who play a direct role in the lives of deaf-blind children to enable them to understand the special problems of such children and to assist in the process of their adjustment, orientation, and education.

(2) Any such services may be provided to deaf-blind children (and, where applicable, other persons) regardless of whether they reside in the center, may be provided at some place other than the center, and may include the provision of transportation for any such children (including an attendant) and for parents.

(20 U.S.C. 1422) Enacted April 13, 1960, P.L. 91-230, Title VI, sec. 622, 84 Stat. 182.

EARLY EDUCATION FOR HANDICAPPED CHILDREN

SEC. 623. (a) The Commissioner is authorized to arrange by contract, grant, or otherwise with appropriate public agencies and private nonprofit organizations, for the development and carrying out by such agencies and organizations of experimental preschool and early education programs for handicapped children which the Commissioner determines show promise of promoting a comprehensive and strengthened approach to the special problems of such children. Such programs shall be distributed to the greatest extent possible throughout the Nation, and shall be carried out both in urban and in rural areas. Such programs shall include activities and services designed to (1) facilitate the intellectual, emotional, physical, mental, social, and language development of such children; (2) encourage the participation of the parents of such children in the development and operation of any such program; and (3) acquaint the community to be served by any such program with the problems and potentialities of such children.

(b) Each arrangement for developing or carrying out a program authorized by this section shall provide for the effective coordination of each such program with similar programs in the schools of the community to be served by such a program.

(c) No arrangement pursuant to this section shall provide for the payment of more than 90 per centum of the cost of developing, carrying out, or evaluating such a program. Non-Federal contributions may be in cash or in kind, fairly evaluated, including, but not limited to, plant, equipment, and services.

(20 U.S.C. 1423) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 623, 84 Stat. 183.

RESEARCH, INNOVATION, TRAINING, AND DISSEMINATION ACTIVITIES IN CONNECTION WITH CENTERS AND SERVICES FOR THE HANDICAPPED

SEC. 624. (a) The Commissioner is authorized, either as part of any grant or contract under this part, or by separate grant to, or contract with, an agency, organization, or institution operating a center or providing a service which meets such requirements as the Commissioner determines to be appropriate, consistent with the purposes of this part, to pay all or part of the cost of such activities as—

(1) research to identify and meet the full range of special needs of handicapped children;

(2) development or demonstration of new, or improvements in existing, methods, approaches, or techniques, which would contribute to the adjustment and education of such children;

(3) training (either directly or otherwise) of professional and allied personnel engaged or preparing to engage in programs specifically designed for such children, including payment of stipends for trainees and allowances for travel and other expenses for them and their dependents; and

(4) dissemination of materials and information about practices found effective in working with such children.

(b) In making grants and contracts under this section, the Commissioner shall insure that the activities funded under such grants and contracts will be coordinated with similar activities funded from grants and contracts under other parts of this title.

(20 U.S.C. 1424) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 624, 84 Stat. 183.

AUTHORIZATION OF APPROPRIATIONS

SEC. 626. There are hereby authorized to be appropriated $36,500,000 for the fiscal year ending June 30, 1971, $51,500,000 for the fiscal year ending June 30, 1972, and $66,500,000 for the fiscal year ending June 30, 1973, for the purpose of carrying out the provisions of this part.

(20 U.S.C. 1426) Enacted April 13, 1970, P.L. 91–230, Title VI, sec. 626, 84 Stat. 184.

PART D—TRAINING PERSONNEL FOR THE EDUCATION OF THE HANDICAPPED

GRANTS TO INSTITUTIONS OF HIGHER EDUCATION AND OTHER APPROPRIATE INSTITUTIONS OR AGENCIES

SEC. 631. The Commissioner is authorized to make grants to institutions of higher education and other appropriate nonprofit institutions or agencies to assist them—

(1) in providing training of professional personnel to conduct training of teachers and other specialists in fields related to the education of handicapped children;

(2) in providing training for personnel engaged or preparing to engage in employment as teachers of handicapped children, as supervisors of such teachers, or as speech correctionists or other special personnel providing special services for the education of such children, or engaged or preparing to engage in research in fields related to the education of such children; and

(3) in establishing and maintaining scholarships, with such stipends and allowances as may be determined by the Commissioner, for training personnel engaged in or preparing to engage in employment as teachers of the handicapped or as related specialists.

Grants under this subsection may be used by such institutions to assist in covering the cost of courses of training or study for such personnel and for establishing and maintaining fellowships or traineeships with such stipends and allowances as may be determined by the Commissioner.

(20 U.S.C. 1431) Enacted April 13, 1970, P.L. 91–230, Title VI, sec. 631, 84 Stat. 184.

GRANTS TO STATE EDUCATIONAL AGENCIES

SEC. 632. The Commissioner is authorized to make grants to State educational agencies to assist them in establishing and maintaining, directly or through grants to institutions of higher education, programs for training personnel engaged, or preparing to engage, in employment as teachers of handicapped children or as supervisors of such teachers. Such grants shall also be available to assist such institutions in meeting the cost of training such personnel.

(20 U.S.C. 1432) Enacted April 13, 1970, P.L. 91–230, Title VI, sec. 632, 84 Stat. 184.

GRANTS OR CONTRACTS TO IMPROVE RECRUITING OF EDUCATIONAL PERSONNEL, AND TO IMPROVE DISSEMINATION OF INFORMATION CONCERNING EDUCATIONAL OPPORTUNITIES FOR THE HANDICAPPED

SEC. 633. The Commissioner is authorized to make grants to public or nonprofit private agencies, organizations, or institutions, or to enter into contracts with public or private agencies, organizations, or institutions, for projects for—

(1) encouraging students and professional personnel to work in various fields of education of handicapped children and youth through, among other ways, developing and distributing imaginative or innovative materials to assist in recruiting personnel for such careers, or publicizing existing forms of financial aid which might enable students to pursue such careers, or

(2) disseminating information about the programs, services, and resources for the education of handicapped children, or providing referral services to parents, teachers, and other persons especially interested in the handicapped.

(20 U.S.C. 1433) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 633, 84 Stat. 184.

TRAINING OF PHYSICAL EDUCATORS AND RECREATION PERSONNEL FOR HANDICAPPED CHILDREN

SEC. 634. The Commissioner is authorized to make grants to institutions of higher education to assist them in providing training for personnel engaged or preparing to engage in employment as physical educators or recreation personnel for handicapped children or as educators or supervisors of such personnel, or engaged or preparing to engage in research or teaching in fields related to the physical education or recreation of such children.

(20 U.S.C. 1434) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 634, 84 Stat. 185.

AUTHORIZATION OF APPROPRIATIONS

SEC. 636. There are authorized to be appropriated for carrying out this part, $69,500,000 for the fiscal year ending June 30, 1971, $87,000,000 for the fiscal year ending June 30, 1972, and $103,500,000 for the fiscal year ending June 30, 1973.

(20 U.S.C. 1436) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 636, 84 Stat. 185.

PART E—RESEARCH IN THE EDUCATION OF THE HANDICAPPED

RESEARCH AND DEMONSTRATION PROJECTS IN EDUCATION OF HANDICAPPED CHILDREN

SEC. 641. The Commissioner is authorized to make grants to States, State or local educational agencies, institutions of higher education, and other public or nonprofit private educational or research agencies and organizations, and to make contracts with States, State or local educational agencies, institutions of higher education, and other public or private educational or research agencies and organizations, for research and related purposes and to conduct research, surveys, or demonstrations, relating to education of handicapped children.

(20 U.S.C. 1441) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 641, 84 Stat. 185.

RESEARCH AND DEMONSTRATION PROJECTS IN PHYSICAL EDUCATION AND RECREATION FOR HANDICAPPED CHILDREN

SEC. 642. The Commissioner is authorized to make grants to States, State or local educational agencies, institutions of higher education, and other public or nonprofit private educational or research agencies and organizations, and to make contracts with States, State or local educational agencies, institutions of higher education, and other public or private educational or research agencies and organizations, for research and related purposes relating to physical education or recreation for handicapped children, and to conduct research, surveys, or demonstrations relating to physical education or recreation for handicapped children.

(20 U.S.C. 1442) Enacted April 13. 1970, P.L. 91-230, Title VI, sec. 642, 84 Stat. 185.

AUTHORIZATION OF APPROPRIATIONS

SEC. 644. There are hereby authorized to be appropriated $27,000,000 for the fiscal year ending June 30, 1971, $35,500,000 for the fiscal year ending June 30, 1972, and $45,000,000 for the fiscal year ending June 30, 1973, for carrying out the provisions of this part.

(20 U.S.C. 1444) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 644, 84 Stat. 186.

PART F—INSTRUCTIONAL MEDIA FOR THE HANDICAPPED

PURPOSE

SEC. 651. (a) The purposes of this part are to promote—

(1) the general welfare of deaf persons by (A) bringing to such persons understanding and appreciation of those films which play such an important part in the general and cultural advancement of hearing persons, (B) providing through these films enriched educational and cultural experiences through which deaf persons can be brought into better touch with the realities of their environment, and (C) providing a wholesome and rewarding experience which deaf persons may share together; and

(2) the educational advancement of handicapped persons by (A) carrying on research in the use of educational media for the handicapped, (B) producing and distributing educational media for the use of handicapped persons, their parents, their actual or potential employers, and other persons directly involved in work for the advancement of the handicapped, and (C) training persons in the use of educational media for the instruction of the handicapped.

(20 U.S.C. 1451) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 651, 84 Stat. 186.

CAPTIONED FILMS AND EDUCATIONAL MEDIA FOR HANDICAPPED PERSONS

SEC. 652. (a) The Commissioner shall establish a loan service of captioned films and educational media for the purpose of making such materials available in the United States for nonprofit purposes to handicapped persons, parents of handicapped persons, and other persons directly involved in activities for the advancement of the handicapped in accordance with regulations.

(b) The Commissioner is authorized to—

(1) acquire films (or rights thereto) and other educational media by purchase, lease, or gift;

(2) acquire by lease or purchase equipment necessary to the administration of this part;

(3) provide for the captioning of films;

(4) provide for the distribution of captioned films and other educational media and equipment through State schools for the handicapped and such other agencies as the Commissioner may deem appropriate to serve as local or regional centers for such distribution;

(5) provide for the conduct of research in the use of educational and training films and other educational media for the handicapped, for the production and distribution of educational and training films and other educational media for the handicapped and the training of persons in the use of such films and media, including the payment to those persons of such stipends (including allowances for travel and other expenses of such persons and their dependents) as he may determine, which shall be consistent with prevailing practices under comparable federally supported programs;

(6) utilize the facilities and services of other governmental agencies; and

(7) accept gifts, contributions, and voluntary and uncompensated services of individuals and organizations.

(20 U.S.C. 1452) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 652, 84 Stat. 186.

NATIONAL CENTER ON EDUCATIONAL MEDIA AND MATERIALS FOR THE HANDICAPPED

SEC. 653. (a) The Secretary is authorized to enter into an agreement with an institution of higher education for the establishment and operation of a National Center on Educational Media and Materials for the Handicapped, which will provide a comprehensive program of activities to facilitate the use of new educational technology in education programs for handicapped persons, including designing and developing, and adapting instructional materials, and such other activities consistent with the purposes of this part as the Secretary may prescribe in the agreement. Such agreement shall—

(1) provide that Federal funds paid to the Center will be used solely for such purposes as are set forth in the agreement;

(2) authorize the Center, subject to the Secretary's prior approval, to contract with public and private agencies and organizations for demonstration projects; and

(3) provide for an annual report on the activities of the Center which will be transmitted to the Congress.

(b) In considering proposals from institutions of higher education to enter into an agreement under this subsection, the Secretary shall give preference to institutions—

(1) which have demonstrated the capabilities necessary for the development and evaluation of educational media for the handicapped; and

(2) which can serve the educational technology needs of the Model High School for the Deaf (established under Public Law 89-694).

(20 U.S.C. 1453) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 653, 84 Stat. 187.

AUTHORIZATION OF APPROPRIATIONS

SEC. 654. For the purpose of carrying out this part, there are hereby authorized to be appropriated not to exceed $12,500,000 for the fiscal year ending June 30, 1971, $15,000,000 for the fiscal year ending June 30, 1972, and $20,000,000 for the fiscal year ending June 30, 1973, and each succeeding fiscal year thereafter.

(20 U.S.C. 1454) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 654, 84 Stat. 187.

PART G—SPECIAL PROGRAMS FOR CHILDREN WITH SPECIFIC LEARNING DISABILITIES

RESEARCH, TRAINING, AND MODEL CENTERS

SEC. 661. (a) The Commissioner is authorized to make grants to, and contracts with, institutions of higher education, State and local educational agencies, and other public and private educational and research agencies and organizations (except that no grant shall be made other than to a nonprofit agency or organization) in order to carry out a program of—

(1) research and related purposes relating to the education of children with specific learning disabilities;

(2) professional or advanced training for educational personnel who are teaching, or are preparing to be teachers of, children with specific learning disabilities, or such training for persons who are, or are preparing to be, supervisors and teachers of such personnel; and

(3) establishing and operating model centers for the improvement of education of children with specific learning disabilities, which centers shall (A) provide testing and educational evaluation to identify children with learning disabilities who have been referred to such centers, (B) develop and conduct model programs designed to meet the special educational needs of such children, (C) assist appropriate educational agencies, organizations, and institutions in making such model programs available to other children with learning disabilities, and (D) disseminate new methods or techniques for overcoming learning disabilities to educational institutions, organizations, and agencies within the area served by such center and evaluate the effectiveness of the

dissemination process. Such evaluation shall be conducted annually after the first year of operation of a center.

In making grants and contracts under this section the Commissioner shall give special consideration to applications which propose innovative and creative approaches to meeting the educational needs of children with specific learning disabilities, and those which emphasize the prevention and early identification of learning disabilities.

(b) In making grants and controls under this section, the Commissioner shall—

(1) for the purposes of clause (2) of subsection (a), seek to achieve an equitable geographical distribution of training programs and trained personnel throughout the Nation, and

(2) for the purposes of clause (3) of subsection (a), to the extent feasible, taking into consideration the appropriations pursuant to this section, seek to encourage the establishment of a model center in each of the States.

(c) For the purpose of making grants and contracts under this section there are hereby authorized to be appropriated $12,000,000 for the fical year ending June 30, 1970, $20,000,000 for the fiscal year ending June 30, 1971, and $31,000,000 for each of the succeeding fiscal years ending prior to July 1, 1973.

(20 U.S.C. 1461) Enacted April 13, 1970, P.L. 91-230, Title VI, sec. 661, 84 Stat. 187, 188.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer to:		
Salaries and expenses	$- 90,000	"The National Advisory Committee on Handicapped Children" and "The National Advisory committee on Education for the Deaf" are being transferred to salaries and expenses because advisory committees are centralizing their funds in one account.

Education for the Handicapped

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 15,384,000	$ 15,384,000	$ 15,384,000	$ 15,384,000
1965	17,884,000	17,884,000	17,884,000	17,884,000
1966	28,300,000	28,300,000	28,300,000	28,300,000
1967	37,900,000	37,875,000	37,875,000	37,875,000
1968	53,400,000	53,400,000	58,400,000	52,650,000
1969	84,650,000	78,850,000	78,850,000	78,850,000
1970	85,850,000	100,000,000	105,000,000	84,575,000
1971	94,450,000	104,400,000	104,400,000	104,400,000
1972	104,250,000	109,250,000	110,750,000	110,000,000
1973	131,019,000			
1974	93,609,000			

NOTE: Amounts for 1964 through 1973 reflect comparability with the 1974 estimate.

Justification

Education for the Handicapped

	1973 Estimate	1974 Estimate	Increase or Decrease
State grant program......................	$ 37,500,000	$ ---	$-37,500,000
Special target programs:			
(a) Deaf-blind centers.................	10,000,000	10,000,000	---
(b) Early childhood projects...........	12,000,000	12,000,000	---
(c) Special learning disabilities......	3,250,000	3,250,000	---
(d) Regional resource centers..........	7,243,000	7,243,000	---
Innovation and development...............	9,916,000	9,916,000	---
Technology and communication:			
(a) Media services and captioned films.	13,000,000	13,000,000	---
(b) Recruitment and information........	500,000	500,000	---
Special education and manpower development............................	37,610,000	37,700,000	+90,000
Total..............................	131,019,000	93,609,000	-37,410,000

General Statement

This appropriation is authorized by the Education of the Handicapped Act (P.L. 91-230) which consolidated several pieces of legislation enacted over the past decade.

Catalytic purpose

The commitment undertaken by the Federal government for education of the handicapped is not a total one in the sense of providing complete per-child costs of educational support. Instead, the programs administered under this appropriation have been designed to act primarily as catalysts to bring about changes in educational patterns in the field by initiating demonstration and model programs and by encouraging new techniques and practices. These strategies were developed specifically to use the limited Federal financial resources and manpower to effect significant changes in the quality and effectiveness of much larger and more direct programs being conducted by State and local educational agencies. Models developed under these programs have already led several State legislatures to enact legislation to enable local education agencies to claim funds for multiple handicapped children attending school and to assume a high portion of the cost of Special Education Instructional Material Centers. Also maintained through these programs is an active technical assistance program which assists the State Education Agencies to effectively utilize and coordinate Federal and State financial inputs.

Multiplier effect

The multiplier effect of this funding is also illustrated by the experience in the training program. Over 300 training institutions have been developed and are producing quality teachers for the handicapped. 50 State education agencies and four education agencies of the outlying territories are working in partnership with the Federal government to upgrade the competency of people already in the field. The emphasis is upon continuing to strengthen and reform programs, and training people who are not supported by this funding; and more importantly, preparing leadership personnel who in turn will begin new training programs.

Manpower needs

There are not enough specially trained teachers for existing educational programs. New programs for preschool children and children with multiple handicaps also lack trained manpower. Funds are required to facilitate recruitment of people into the field, and for dissemination of information to parents about available resources for the handicapped. This information would help parents of handicapped children contact service resources of all dimensions.

National programs have been authorized and initiated to expand instructional programs, to increase the number and quality of specially trained teachers, to carry out research on the special learning problems of the handicapped, to develop improved instructional materials and techniques, to apply modern technological advances to compensate for communicative and learning handicaps, to help reach handicapped children in the critical early years, to encourage and stimulate the interchange of information on education for the handicapped, and to open avenues of communication between the handicapped and the general population. This appropriation provides for the support of these programs.

Research support and demonstration programs

In research, support is needed to continue current research and demonstration projects, to expand projects in curriculum research, and to seek solutions to specific identified problems in educating the handicapped. Deaf-Blind Centers are now in operation. Model demonstration centers and leadership training institutes will provide and demonstrate model service, train personnel, and develop research responses for dealing with the problems of specific learning disabilities.

The continuing and growing demands for special emphasis on diagnostic services and educational assistance for handicapped children of preschool age has been recognized through the funding of Early Childhood Centers. Research evidence has shown that early educational intervention results not only in more lasting benefits, but also relieving the tendency of a handicap to become an educational disability.

An area of continuing effort is that of adaptation of instructional materials developed for the deaf for use by children with other handicaps, and the development of new and appropriate equipment to educate and offer cultural contact to persons in all handicapped areas. The National Center on Educational Media and Materials for the Handicapped will adapt, develop, and disseminate appropriate materials and devices.

Systematic evaluation through program analyses, cost effectiveness studies, and the development of measures and methodologies are also essential activities in assuring the most efficient and effective operation of the handicapped programs.

	1973	1974	Increase or Decrease
1. State grant program................	$37,500,000	---	$-37,500,000

Purpose and scope:

Non-matching grants to the States are made to assist in the initiation, expansion and improvement of education of handicapped children at the preschool, elementary and secondary levels.

Seven million children (one million of preschool age) are handicapped by mental retardation, speech problems, emotional disorders, deafness, blindness, crippling conditions or other health impairments that will cause school failure, emotional problems and retarded development unless special educational procedures are available to them. At present, only 40 percent of school-age handicapped children are receiving special education, and in some States less than 25 percent of such children are receiving this help. Approximately one million of these unserved children are totally excluded from any educational programming.

Federal strategy:

The Federal strategy for the development of this program has been to serve as a catalyst to local and State program growth rather than providing full Federal support for a limited number of children. Joint planning with the States has led to increased programming for children on a comprehensive basis involving various Federal programs and local resources, e.g., Elementary and Secondary Education, Titles I and III, Vocational Education, etc. Under Special Education Revenue Sharing legislation to be proposed by the Administration, State and local officials will be able to continue this programming with increased flexibility in addressing their own priorities.

Accomplishments, fiscal years 1972 and 1973:

The program stimulated new educational opportunities for 215,000 handicapped children in 1972 by providing developmental and technical assistance to twenty-five States in designing new program, coordinating Federal and State funding, and developing strategies for increasing services to handicapped children.

In 1973, States continued to use program funds to provide a catalytic basis for further State and local program support. At present, failure to identify handicapped children represents a major barrier to fulfillment of State programs. For example, New Jersey law provides that local education agencies must offer special programs to handicapped children, but the lack of identification programs is a major factor in keeping the percentage of children served at less than the 50 percent level.

The objective in 1973 is to continue the assurance States will try to increase amounts of new funds on program activities, which in turn will increase local funding of programs for identification and diagnosis of children, and the development of regional resource personnel and centers.

To further the objective of comprehensive delivery of services to handicapped children the Education Commission of the States, comprised of State governors, legislators, education officials and public citizens agreed to cooperate during 1972 and 1973 in stimulating programming for handicapped children by establishing within their organization a task force, which has held regional meetings and in working to develop specific State-by-State plans for additional special education programs and will continue to work within State governments and legislatures toward this end.

Fiscal year 1974:

In 1974, legislation will be submitted to consolidate this program into Special Education Revenue Sharing. This new authority will provide support for educational activities in areas where the Federal Government has developed strong interests in strengthening school programs, such as education of handicapped children, and will permit State and local officials greater flexibility in addressing local priorities.

	1973	1974	Increase or Decrease
2. Special target programs:			
(a) Deaf-blind centers:			
Non-competing continuations..	$ 9,000,000	$10,000,000	$+1,000,000
New.........................	1,000,000	---	-1,000,000
Total..................	10,000,000	10,000,000	---

Program purpose:

This program provides for grants or contracts to establish and operate centers for deaf-blind children, to develop for and apply to these children specialized intensive services to enable them to achieve their full potential for communication and adjustment for useful and meaningful participation in society and for self-fulfillment.

Target population:

Prior to the 1964-65 rubella epidemic, an estimated 600 deaf-blind children were known to live in the United States. An estimated 100 children were enrolled in educational programs at that time. The number of deaf-blind children increased dramatically as a result of the epidemic. Over 4,500 children have been located and identified through the regional "deaf blind" program as of December 1972.

Accomplishments, fiscal years 1972 and 1973:

The 10 Regional Deaf-Blind Centers located throughout the United States coordinated resources and services for approximately 1,700 deaf-blind children in those regions. The centers served as the focal point for coalescing private, State and local medical, social, and educational programs into a more effective and efficient delivery of services to deaf-blind children and their families. These Centers have contracted for services with existing agencies to provide more than 100 programs and projects. In this group of children, 952 were enrolled in full-time educational settings supported by deaf-blind Federal funds: 287 are enrolled in day-school programs, and 665 in residential-school programs. Diagnostic, counseling and tutorial educational programs were offered to 533 of the above deaf-blind children and their families. Federal funds accounted for approximately 90 percent of the support for these programs.

During the school year, September 1972 - June 1973, (utilizing fiscal year 1972 funds), expanded services via the 10 regional centers provided educational services (residential and day school) to an estimated 1,310 deaf-blind children. Also, 709 deaf-blind children and their families received diagnostic counseling and tutorial services. This increased the total number of deaf-blind children served to 2,019. Diagnostic and evaluative services were provided to 705.

An estimated 100 children were enrolled in Crisis Care Facilities to receive intensive training and educational services. Continuous counseling service for their parents both in the home and at the school was offered.

These crisis care facilities function primarily to achieve appropriate placement of deaf-blind children into residential, day or treatment programs. These facilities accept children in stages of early identification, observe and test them over a short period (at least two months), seek their placement with a relevant agency, and offer assistance to the child's parents for education and training. These activities serve to lessen the trauma to the family of a deaf-blind child as well as assuring a successful and cost-effective program for each child.

Utilizing fiscal year 1973 funds, objectives for school year, September 1973 - September 1974, required the 10 regional centers to expand services to 500 additional deaf-blind children in residential and day facilities. This will increase the total service to 2,600 deaf-blind children in academic school year 1973-74. The 15 crisis care facilities will offer 24-hour care and preschool experience for 150 severely handicapped deaf-blind children and intensive short-term counseling for their parents.

Objectives for 1974:

The Deaf-Blind Centers program for the school year starting in September 1973 expects to provide the following services for deaf-blind children and their parents: Educational services for 2,900 children in residential and day school facilities; crisis care services for 200 children and their families; diagnostic and educational assessment for 700 children; parent counseling for parents of 2,200 children; inservice training for 1,200 educators, professionals, and parents; summer school and camp programs for 500 children. Additional activities include a National Dissemination of Information System, continuation of the third-part evaluation effort, and a child-based information system.

	1973	1974	Increase or Decrease
2. Special target programs:			
(b) Early childhood projects:			
Non-competing continuations.	$10,350,000	$10,350,000	---
New.........................	1,650,000	1,650,000	---
Total..............	12,000,000	12,000,000	---

Community services available for education of the preschool handicapped are either non-existent or too limited in number or scope to be of significance. The majority of the programs in existence operate on a tuition basis, making their services unavailable to children of low income families. Even in publicly supported programs handicapped children have a difficult time gaining admission. Federal support, leadership, and demonstration funds are designed to influence States and local school districts throughout the country to initiate and maintain public programs in preschool and early education for the handicapped.

Fiscal year 1973:

The objective for 1973 was to increase the enrollment of handicapped children in preschool programs by 75,000 to bring the total estimated number of children in such programs to over 175,000.

Strategies for achieving this relied heavily ipon the catalytic and multiplier effects of Federal programs. Consequently, mutual planning with State Education Agencies and the development of State programs in a must if these objectives are to be met. The following actions have or will be taken.

Expand model projects to 100 locations which will provide direct services to 5,500 children and their families.

Stimulate the development of 300 additional early childhood programs in special education to bring this to a total of 700 programs which will serve 45,000 children and their families, utilizing other funds.

Support technical assistance programs (such as the North Carolina leadership training program) to strengthen projects funded by the Bureau of Education for the Handicapped and to make available information and materials developed in this effort to other early education projects.

Stimulate through resource materials and consultants, the development of handicapped components in day care programs that reach at least 50,000 handicapped children. Among the activities will be: special training programs and materials such as Computer Assisted Resource Education for day care workers and regular teachers.

Objectives for 1974:

The 1974 funds are to be spent in order to provide the following services through the establishment of 100 demonstration projects: (1) comprehensive educational therapeutic services for 5,500 handicapped children; (2) conseling and other consultative services for 7,500 parents; (3) screen 20,000 children; (4) provide inservice training for 5,000 teachers and aides; and (5) provide training and program involvement for 1,500 volunteers. It is projected from prior experience that an equal number of persons in the preceding areas will be served through projects which will be replicating the demonstration models.

Resources from this program will be combined with other Federal activities serving preschool children in order to (1) increase the number of handicapped children being served by Headstart and Day Care Center Programs, (2) work directly with 30 States in assessing the needs for preschool handicapped children thereby providing improved planning, guidance, and technical assistance to all States in their attempts to serve the nearly one million preschool handicapped, (3) increase the number of handicapped children 0-3 being served directly by Federally assisted programs, (4) work toward reducing the number of handicapped children requiring special education placement at school entry age, and (5) through the ERIC system, disseminate information about tested models and materials to State and local government and private agencies serving the handicapped.

	1973	1974	Increase or Decrease
2. Special target programs:			
(c) Special learning disabilities:			
Non-competing continuations....	$2,250,000	$1,750,000	$-500,000
New............................	1,000,000	1,500,000	+500,000
Total......................	3,250,000	3,250,000	---

According to a 1969 report of the National Advisory Committee on the Handicapped, 1 to 3 percent (600,000 to 1,800,000) of the school-age population (5-19 years) have specific learning disabilities. Recognition of this discrete-type handicap has been relatively recent and Federal activities are designed to help define the nature of the disorders, find approaches to treatment, and to stimulate an increased supply of teachers. In academic year 1968-69, there were 9,400 trained teachers serving children with specific learning disabilities and an estimated 25,500 additional teachers needed. Competitive grants are made to State Education Agencies to demonstrate effective programs for establishing and operating model centers for children with specific learning disabilities, and to establish program plans within States for meeting the educational requirements of these children.

Fiscal year 1973:

In 1973, this program is being expanded to an additional 17 States bringing the total number of States served to 40. The technical assistance project continues to provide support to individual grantees and overall program.

The State Education Agencies are required to: (a) conduct a specific learning disabilities intervention program which could serve as a demonstration model; (b) evaluate the program according to its objectives and goals; (c) set up a process to determine the validity of the intervention model, and (d) develop a plan for implementation of that model. In addition, the State agencies have set in motion a "multiplier" strategy for stimulating programs in other districts to be funded by State, local, and/or private funds.

Objectives for 1974:

At the projected 1974 funding level, the Bureau of Education for the Handicapped plans to: (1) continue funding 30 service models in State Education Agencies and territorial departments of education; (2) fund national replication activities, including media preparation and distribution; (3) provide technical assistance to State local education agencies; and (4) to study the social, economic, and legal aspects covering the capability of children with special learning disabilities. These resources will support continuation of the momentum in completing the final objective of providing by 1975 an opportunity for each State to develop a total delivery model and be supported by Federal technical assistance to enable the successful replication of that model across the State.

	1973	1974	Increase or Decrease
2. Special target programs:			
(d) Regional resource centers			
Non-competing continuations	$5,743,000	$5,243,000	$- 500,000
New	1,500,000	2,000,000	+ 500,000
Total	$7,243,000	$7,243,000	+ ---

Narrative

The Regional Resource Center program has been established to develop and operate regional centers to assist teachers and administrators of programs for handicapped children in bringing relevant and effective educational services to all handicapped populations. The centers, in cooperation with state and local programs and other federally supported activities develop, demonstrate and promote adequate diagnostic and prescriptive services, improved and expanded teaching techniques and provide a range of fiscal, human, and non-human resources to assure that schools can respond more effectively to the more seriously handicapped population who are often hidden, unidentified, and untreated.

Fiscal Year 1972:

During 1973 the program concentrated its efforts on expanding its outreach into State and local educational agencies to provide support to teachers and at the same time surveying and testing to determine the kinds of services that will make it most effective in carrying out the major programmatic objective. The program added a multi-state learning resource compact in the upper-Midwest. This support concept is designed to purchase available services from centers in adjoining areas for States currently without the financial resources necessary to bring their diagnostic and instructional services to teachers of the handicapped. Related to the survey of the requirements is the problem of the kinds of resources needed, the development of skills and knowledge necessary, and the relationships of the centers to the States to assist in providing equal education for all handicapped children.

Accomplishments, Fiscal Year 1973:

Continued expansion of support for this program has stressed the need to develop quality comprehensive educational services for all handicapped children. The program has begun stressing the education of inadequately served children in existing special education programs and those handicapped who are in regular classrooms. The centers began full scale work in conjunction with State Education Agencies in ten states. Program operation in the six centers has moved to meet the growing demand for diagnostic and prescriptive services for these children. We stressed the concept that the existing six centers must continually demonstrate to State and local agencies specific diagnostic, evaluative and prescriptive remedial or supportive services. This technique of influencing the practices of State and local education agencies will enable many more children to be placed in regular school programs. Work with individual States to develop total resource systems at the State, intermediate levels and Iowa, Missouri, Kansas, Nebraska and North and South Dakota continues. The Southwestern Regional Resource Center located in New Mexico is now heavily involved in extending its services to the States of Arizona, Colorado and Nevada. The Regional Resource Center in Oregon has expanded its efforts to work with state agencies and local governments in Alaska, Hawaii, Washington and the Trust Territories. The Rocky Mountain Center in Utah has worked closely with programs in Montana, Idaho and Wyoming, as well as activities in Utah. The Pennsylvania Regional Resource Center has developed a series of programs to support activities in West Virginia, New Jersey, Maryland, District of Columbia and Ohio. Of course, the Southeastern compact continues. In 1973, more than 25,000 handicapped children in eighteen states received direct or indirect services from these centers.

Objectives, 1974

In 1974, the overriding concern of the centers will be to improve the effectiveness of ongoing practices to serve the handicapped and of developing new techniques where none have existed. Under the continuing regional resource center program seven centers will be supported. The major objective for this program is to assure that all geographical areas covered by RRC programs will have access, either directly or through cooperative services described in the purpose. Concerted planning activities designed to coordinate the Instructional Materials Centers and the Regional Media Centers will help to create this national coverage.

The objectives for the centers in 1974 are:

1. Provide educational testing and evaluation services for the children referred to them, especially the severely handicapped.
2. Develop individually prescribed educational programs for children referred.
3. Assist State and local agencies in finding handicapped children currently not enrolled in schools and to recommend suitable educational programs for those children.
4. Assist State and local agencies in evaluating the effectiveness of programs developed.

In 1974, approximately 40,000 handicapped will receive comprehensive services from the center. Approximately 200 SEA and 6,000 LEA personnel will be provided training through workshops, special study institutes, and technical assistance activities. 2,000 severely and multiply handicapped children will receive services in addition to the 40,000 children mentioned above.

A new thrust called Special Target Grant program will provide a source of funds to assist States, local agencies and consortiums to identify issues, bring groups together to solve problems and work on the implementation of solutions. Specific issues to be attacked have been identified as: (1) comprehensive services to severely and multiple handicapped children; (2) proper identification, diagnosis and provision of services to the poor geographically isolated, and minority group handicapped; (3) operating diagnostic and educational programs based on alternatives to current labeling or categorization techniques; and (4) the problem of the return and maintenance of the handicapped child in the regular classroom.

Grants will be awarded to approximately 8 States to provide basic assistance to find solutions to problems such as identifying and providing education to all mentally retarded children in Pennsylvania as a result of the recent court decision and assisting with the solution to problems of increasing proportions of black and Spanish-speaking children in special education classrooms. This program will be a key strategy in seeking alternatives to current solutions.

	1973	1974	Increase or Decrease
3. Innovation and development:			
Non-competing continuations	$7,900,000	$7,900,000	---
New	2,016,000	2,016,000	---
Total	$9,916,000	$9,916,000	---

Narrative

The purpose of the Research and Demonstration program is to improve educational opportunities for handicapped children through support of applied research and related activities. This provides the information and resources to support the development of full educational opportunity for handicapped children. These activities are integrated in a planned pattern to support teacher training and the special service functions of the total federal program for handicapped children. The innovation and development activity attempts to improve the effectiveness and efficiency of the educational system and its provisions for handicapped children: by supporting the discovery, manipulation and processing of information; by packaging that information in usable form and by systematically assuring that this information is placed in appropriate hands. Heavy emphasis is placed on the design of research findings so that replication of quality research products can be easily accomplished. The Physical Education and Recreation Research program provides support for research and related purposes relative to the needs and performance of handicapped children in the area of physical education and recreation.

Accomplishments, Fiscal Year 1972:

Major efforts in fiscal years 1971 and 1972 have led to related products. Specific accomplishments included:

(a) Research demonstrating that retarded children can be taught effective strategies for learning, and that various learning approaches and teaching materials can be appropriately tailored to the learning styles of young retarded children. One project provided learning experiences via educational television for over 200 children in the State of North Carolina. Additional products of that project include television tapes which are now available for use on educational television and closed circuit educational facilities, and kits of learning materials tailored to the particular needs of young retarded children.

(b) Research efforts supported by this program have previously demonstrated that children with very restricted amounts of residual vision, blind by legal definition and traditional educational programming decisions, can benefit from instruction in the use of residual vision. Based on this research, intensive training programs for teachers of low vision children have been developed, and been used with over 200 teachers with potential for influencing educational programming in almost every major school program for the visually handicapped.

(c) A major and continuing curriculum development effort in the area of social learning for retarded children involved more than 200 classes of educable mentally retarded children during the course of its development and initial evaluation efforts. Materials for children of first, second and third grade age levels have been completed and should soon be available for general distribution to the teachers of primary level educable mentally retarded children.

(d) Three model demonstration programs in the area of post-secondary school vocational training for hearing impaired youth were supported. These programs, operated in regular vocational and technical institutions, provided educational opportunities for more than 150 deaf youth. Curriculum development and modification efforts in association with these projects have resulted in more than 50 program areas being accessible to deaf students in these institutions. At least three other institutions have initiated similar programs specifically geared to the needs of deaf individuals under local or other Federal support.

(e) A computer assisted course of instruction was designed to familiarize regular teachers with the identification of handicapped children in their classrooms. Through support from the Bureau of Educational Personnel Development, this course was field tested with a substantial number of teachers in Pennsylvania. At present, plans are underway for the broad dissemination of this course for use by other teacher training institutions, reformatting of the material to be useful on a broad range of computer assisted instruction equipment, and for the development of additional course materials in computer assisted instruction format.

(f) Behavior modification techniques were applied in a classroom setting with children with severe behavioral disorders. This project resulted in the development and testing of a technique for working with behaviorally disordered children, the actual return to normal classrooms of approximately 50 of 71 such children over a four year period, the development of effective teacher training techniques to assure diffusion of such management efforts, and the packaging of materials descriptive of both teacher training and direct service activities to assure even broader diffusion.

Efforts concentrated on priority areas of (1) preschool education, (2) increased services to school-age children, and (3) special education manpower development. Specific objectives in 1972 included:

(a) Development of program plans for replicating infant programs involving parent training in the deaf, blind and deaf-blind children areas.

(b) Essentially complete coverage of curriculum needs for the educable mentally retarded including efforts on social learning skills, reading, arithmetic, and physical education.

(c) Continued support of a major research and development center concentrating on how student performance is effected by teacher behavior. During 1972 the Bureau embarked on its first major intramural activity, a comprehensive research and evaluation study of the effect of reintegrating handicapped children into regular classroom programs.

Dissemination and research utilization activities will receive increasing emphasis in this program.

Accomplishments 1973:

The major effort in 1973 was to further research, innovation and demonstration to assist in accomplishing overall handicapped objectives. Specifically, efforts were closely related to developing a national commitment to full educational opportunities for the handicapped. Activities, accomplished in carrying out the responsibility were: a comprehensive curriculum for mental retardation with products available such as social learning for children to age 9; comprehensive skills curriculum; science for the mentally retarded for junior high and high school retarded; and motor skills for the retarded. Development and evaluation of other products were continued. One of the major issues concerning the education of handicapped children is the ability of the schools to provide necessary special services within the regular classroom. This program has addressed this issue with several studies; including a data collection effort designed as an evaluation of integrated programming involving more than 3,000 children. The need for quality career and vocational education for handicapped youngsters has long been apparent. This program supported several efforts at helping expand secondary and postsecondary technical and occupational opportunities for the handicapped. Three demonstration projects on postsecondary technical education for the deaf have provided a model which have now been replicated in over twenty community colleges and technical schools across the country.

Another major effort involved a descriptive evaluative study of a nationwide sample of innovative secondary level vocational education programs. In supporting the development, improved and increased manpower for educating handicapped children, several major projects have been supported. The critical output in 1973 was a validated battery of observation instruments designed to measure teacher performance.

The Physical Education and Recreation program, in addition to the output already described in connection with curriculum development involves collection and packaging and dissemination efforts related to adapted physical education and therapeutic recreation.

Objectives, 1974: The objectives are as follows:

1. In the early childhood education area, the largest amount of Federal funds will be used for research and development activities related to the delivery of services in preschool education. Support will also be provided for the following activities: (a) developing and validating curriculum for handicapped preschool children, including identification of appropriate behaviors to be considered at preschool levels and the special problems presented by handicapping conditions; (b) study of program and system organization (integration versus segregation, categorical programs, etc.) related to providing appropriate preschool educational service for the handicapped; and (c) organizing knowledge related to early identification of handicapped children and developing knowledge related to educational diagnosis and programming.

2. New initiatives in the important area of career education are to include: (a) analysis of prevocational preparation in special education programs including both curriculum and counseling requirements: (b) assessment of vocational programming for the handicapped including definition, evaluation, and comparison of work study programs, industry based inservice programs, school based programs, and institutional graduation programs; and (c) assessment of post-secondary programs including definition and evaluation of vocational-technical programs, higher education opportunities, and continuing education activities.

3. In the area of full school services for all handicapped children, considered the largest area of need, the following tasks are to be carried out: (a) development of curriculum, methods and materials related to the education of handicapped children, to assure availability of programs suitable for all handicapped populations, all subject matter areas, and all educational settings; (b) identification of an evaluation of advances in educational technology which show promise of minimizing the educational problems of handicapped children; and (c) study of appropriate models for delivery of special education services. Particular attention will be given to organization of services, back up resources for teachers, and integration of different educational systems.

4. Another important objective is to fulfill the responsibility for activities concerning the national interest in continuing education programs for the adult deaf. Funds for this activity will be used to support ongoing efforts in this area, and other work relating to post-secondary education of the handicapped.

Program Statistical Data:

Summary of New and Continuing Efforts

	1972 Estimate		1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount	No.	Amount
New:						
Research:						
(a) Individual projects...	27	$3,488,000	20	$2,016,000	15	$2,016,000
(b) Research and Development centers....	--	---	--	---	--	---
Total..	27	3,488,000	20	2,016,000	15	2,016,000

Summary of New and Continuing Efforts (Cont'd.)

Continuing:	1972 Estimate No.	1972 Estimate Amount	1973 Estimate No.	1973 Estimate Amount	1974 Estimate No.	1974 Estimate Amount
Research:						
(a) Individual projects...	37	5,169,000	40	5,000,000	50	5,000,000
(b) Research and development centers....	5	2,519,000	5	2,900,000	5	2,900,000
Subtotal..	42	7,688,000	45	7,900,000	55	7,900,000
TOTAL..	69	$11,176,000	65	$9,916,000	70	$9,916,000

Research and Demonstration Awards
By Area of Handicapped

Area	1972 Estimate No.	1972 Estimate Amount	1973 Estimate No.	1973 Estimate Amount	1974 Estimate No.	1974 Estimate Amount
Speech and Hearing........	8	$ 400,000	10	$1,150,000	10	$1,150,000
Visually Handicapped......	4	500,000	11	1,000,000	11	1,000,000
Crippled and other health. impaired................	2	200,000	5	500,000	5	500,000
Emotionally disturbed.....	2	105,000	5	400,000	5	400,000
Mentally Retarded.........	10	1,500,000	20	2,500,000	20	2,500,000
Hearing Impaired..........	10	1,000,000	10	1,250,000	10	1,250,000
Research and Development..	--	---	--	---	--	---
Non-category..............	19	2,250,000	24	2,766,000	24	2,766,000
TOTAL................	55	5,955,000	85	9,566,000	85	9,566,000

	1973	1974	Increase or Decrease
4. Technology and Communication:			
(a) Media services and captioned films			
Non-competing continuations	$ 5,000,000	$ 5,000,000	---
New	8,000,000	8,000,000	---
Total	$13,000,000	$13,000,000	---

Narrative

The Media Services and Captioned Film program responds to the need to help provide the handicapped learner with specific educational materials so as to make it possible for him (her) to be educated effectively. This objective is being advanced through the operation of a National Center for Educational Media and Materials for the Handicapped and a network of Special Education Instructional Materials Centers and Regional Media Centers for the Deaf. The second objective has an equally important service mission: promoting the general welfare of deaf persons by captioning and distributing motion picture films which play an important role in their advancement on both a general cultural and educational basis. In both cases the purpose of this program is to provide for a maximum access to learning experiences by handicapped children through the development, and efficient management of both material and human resources. Part F of the Education of the Handicapped Act provides the primary authority for this activity.

Accomplishments 1973

(1) The Education Media Distribution Center, which is the point of all distribution and dissemination activities to schools and classes for the deaf and adult deaf population continued to search for new and less expensive methods of delivering. In an economy move, three captioned film libraries were consolidated into one. This has, in effect lowered the cost of booking films, increased the rapidity of turnover of films for wider audience viewing. Cost per viewer is 12 cents. Total audience in 1973 numbered more than 2 and three-quarters million. An expansion from 3,177 to 3,680 in the number of deaf groups eligible for these films means that larger numbers of people will be able to benefit from this service. An expansion of showing per print of films has been expanded from less than 14 annually to 18 per year. This center has started planning in 1973 for a program to supply films and other educational media on a no-cost basis to a minimum of 1,000 teachers of handicapped children other than deaf and, on a no-cost basis, to as many other teachers of handicapped children as wish to participate.

(2) The Special Education Communications Network has continued to develop the mechanism of bringing all handicapped children the resources they need, where they need them, and when they need them. Nearly three million handicapped children are being served in our schools.

> (a) In 1973, efforts such as the development of Computer Based Resource Units have provided teachers of handicapped children with detailed instructional strategies and materials. Nearly 500,000 CBRU's are in use now by nearly 75,000 teachers of the handicapped. Seldom do the fully federally funded parts of this network have contact with the children directly, but a structure of more than 300 associate parts of the network at local and state levels deals directly with the students and teachers. (b) A needs assessment of the IMC/RMC network has been started to take a look at changes that have occurrred in this six year old program, make recommendations for changes and to determine what needs are the most necessary to serve with our scarce resources. (c) The National Center on Educational Media and Materials for the Handicapped has completed one year of planning and development and is now ready to begin operating in the design, development and adaptation of new instructional materials.

(3) The demonstration and research program moving into child centered learning technology supported 14 seperate media related projects in 1973. A project completed at Pennsylvania State University has provided a curriculum whereby preschool teachers and child-care workers may be trained to deal effectively with preschool handicapped children. Employing techniques developed through a project at the University of California,"Structuring the Classroom for Success", special and regular teachers are learning to arrange their classrooms to be more responsive to different learning styles. The successes of Project Life, a programmed Language system to teach handicapped children, and Project ME, a learning program for young handicapped children, are well known. These activities started with Federal funds, are now being marketed by private firms and returning a profit through royalities to the Federal government. Other projects completed have a) produced training packages to expand parental capability in child development in the home; b) prepared teachers in using materials to achieve maximum learning potential of visually impaired children; and c) a project in great use in Atlanta, Georgia, to assist teachers in the identification, selection, production and utilization of media at all educational levels. Activities in this area have worked in close relationship with other areas.

(4) Activities in the Captioned TV area have yielded results such as: a) national conference to interest networks and PBS in providing captioned and/or other appropriate programming for the hearing-impaired. b) captioning and broadcasting of 26 French Chef programs over PBS. c) captioning and broadcasting of 26 additional programs over PBS network. d) captioning and broadcasting of the inaugural speech - a first attempt at captioning a national event for immediate broadcast

to hearing-impaired. e) development of expertise in captioning techniques for television. f) development of a decoder for making captioned television feasible.

Objectives, 1974:

This program is based on the concept that its overreaching goal should be to establish coordinated activities which are designed to provide the handicapped learner with adequate resources in sufficient quantity and quality to reduce the gap between the handicapped and the non-handicapped learner. In 1974, the objectives for operation of this program are to develop and design resources: to increase the effectiveness of scarce manpower; utilize less well trained staff at a greater level of efficiency; make it easier for the handicapped learner to be more able to participate in regular education; and reduce the long term cost of education of handicapped children.

The activities of this program are directly related to helping to achieve the five major objectives for education of the handicapped.

1. Early Childhood. (a) To continue support of media development and validation projects for early educational programs. (b) to develop and disseminate instructional packages for early childhood education. (c) To continue the evaluation of the potential and effectiveness of educational technology in an early childhood project setting over a five year period.

2. Manpower Development. (a) The continued expansion, cataloguing, packaging and dissemination of teacher media training materials. (b) In conjunction with Special Projects authority in the Division of Training Programs, we will further develop a pilot demonstration teacher training model. Demonstration of manpower and materials efficiency will illustrate the efficacy of: 1) larger teacher pupil ratios; 2) modular training concepts: 3) self-instructional components; and 4) broad diffusion of materials and techniques to special education centers and regular education for preservice and inservice training.

3. Career Education. (a) There will be continuing work on the development of applications of technology to vocational education for the handicapped. Identification of skills handicapped persons can acquire and training packages designed on skill/competency performance will be designed. (b) Continued attention will be placed on integrating services to serve the handicapped child. Activities with the Vocational Rehabilitation and Vocational Education programs will be continued.

4. Full Services. (a) The National Media Center for the Handicapped at its planned level of operation will help to provide management and centralized services to the media program. Support will continue for the material network of 13 Special Education Instructional Materials Centers and 4 regional media centers. (b) The IMC/RMC Network, at its planned growth rate, will serve as a catalytic agent to bring about the establishment and improvement of programs for handicapped children through interaction with State Education Agencies and Local Education Agencies, and university prespecial programs. (c) Inservice teacher training materials for special education will be designed. These methods of utilizing media can be effective in training and exposing teachers and parents to alternative methods of service to the handicapped child. (d) Continued work to be done on activities started in 1973 on development of instructional technology packages for the handicapped child.

5. Captioned Films for the Deaf. (a) Support of the entertainment and cultural aspects of the Captioned Films program will continue. (b) Captioned television is now emerging as an area of potential benefit to the deaf and hard-of-hearing population. Continued support of experimental work in this area in conjunction with the National Science Foundation and the television industry will continue.

Program Statistical Data:

Media Services and Captioned Films

Program Financial Data	1973	1974
Captioned films - cultural	$ 1,000,000	$ 1,000,000
Captioned films - educational	1,000,000	1,000,000
SEIMC/RMCN	7,000,000	7,000,000
Demonstrations	2,100,000	2,100,000
National Theater of Deaf	500,000	350,000
National Center Educational Media and Materials	500,000	750,000
Captioned Television	900,000	800,000
TOTAL	$13,000,000	$13,000,000

Media Services and Captioned Films

	Titles		Prints	
	Acquired	Retired	Acquired	Retired
FY 1972 (Actual)				
16mm Educational films	62	10	4,030	650
8mm Cartridges	43	0	3,760	0
35mm Filmstrips	49	0	33,000	0
35mm Slides	8,475		8,475	
Transparencies	635 sets	0	344,775	0
Training manuals and books	8,040	0	8,040	0
16mm General interest films	62	48	744	576
16mm Teacher Training films	43	0	499	0
Captioned TV programs	1 series	0	26 programs	0
FY 1973 (Estimated)				
16mm Educational titles	80	10	5,200	650
8mm Cartridges	70	0	4,500	0
35mm Filmstrips	70	0	35,000	0
35mm Slides	3,500	0	3,500	0
Transparencies	4,700 sets	0	150,000	0
Training manuals and books	30,000	0	30,000	0
16mm General interest films	80	60	960	720
16mm Teacher training films	20	0	160	0
Captioned TV programs	5 series	0	26 programs	0
FY 1974 (Estimated)				
16mm Educational films	80	10	5,200	650
8mm Cartridges	70	0	4,500	0
35mm Filmstrips	70	0	35,000	0
25mm Slides	3,500	0	3,500	0
Transparencies	4,700 sets	0	150,000	0
Training manuals and books	30,000	0	30,000	0
16mm General interest films	80	60	960	720
16mm Teacher training films	30	0	240	0
Captioned TV programs	1 news series	0	260 programs	0

FY 1972 (Audience Totals)

Educational films	1,261,605
General interest films	1,355,304
Total	2,616,909

	1973	1974	Increase or Decrease
4. Technology and communication:			
(b) Recruitment and information			
Non-competing continuations	$500,000	$ ---	$-500,000
New	---	500,000	+500,000
Total	$500,000	$500,000	$ ---

Narrative

This program provides non-matching grants or contracts to conduct projects to interest people in entering the career field of special education, and to disseminate information and provide referral serivces. Great numbers of parents of handicapped children have no information about where to turn for help in educating their children. In addition, an estimated 250,000 teachers are necessary to augment the special education manpower supply. This program is designed to provide an appropriate information and referral service for parents and their handicapped children in order that they may be assisted in their attempts to gain an equal educational opportunity.

Fiscal Year 1973:

This program in its third year of operation will begin to assume its place as an integral part of the Office of Education operational support. To further aid parents, a referral system operating through Health and Welfare Councils in approximately one hundred cities across the country will be established. The referral centers will be designed to assist parents and other persons in obtaining the most appropriate services and placements for handicapped children. The centers will assess available community resources and in concert with parents and their children, as well as other involved persons, develop suitable plans for each child's total adjustment and growth.

Regional TV and radio campaigns will be undertaken in concert with other HEW activities concerning the handicapped in a concentrated effort to coordinate informational systems and to aid regional and State programs in attracting the quality and quantity of teachers required.

National TV, radio, and print efforts will be continued to urge parents to seek services and to request information concerning available programs for their children. The information and referral program in Washington, D. C. will attempt to initiate similar programs in three additional cities. In addition, activities started in 1972 to support Spanish language information services will be expanded to all parts of the Country where Spanish speaking populations are located.

Objectives, 1974: The objectives are:

1. Provision of current program information to 50,000 new parents through the Closer Look ads/SEIC (Special Education Information Center) mailings. In addition, there will be coordination through SEIC's approximately 100 personnel referral centers, based on a national expansion of the pilot referral network in New England. The SEIC Newsletter will reach approximately 150,000 parents on a continuous basis.

2. Establishment of at least one referral center to serve a bilingual area.

3. Production of a television show to increase public awareness of the need for better services for the handicapped, and market it to both commercial and public stations.

4. Production of two films for educational leaders (State agency personnel, school administrators, PTA groups, etc.), to increase their awareness of the learning potential of handicapped people who are provided with appropriate instruction.

5. To target recruitment information to increase the number of special educators with particular understanding of the needs of minority and bilingual handicapped children.

	1973	1974	Increase or Decrease
5. Special education and manpower development			
Non-competing continuations	$17,600,000	$17,600,000	$ ---
New	20,010,000	20,100,000	+90,000
Total	$37,610,000	$37,700,000	$ +90,000

Narrative

This program provides for grants to institutions of higher education, State education agencies, and other nonprofit agencies to prepare teachers, teacher educators, researchers, speech correctionists and other special service personnel to educate the handicapped. To extend quality educational service to all handicapped children under current teacher-student ratios and current patterns of instructional organization will require an additional 245,000 teachers for school-age children and 60,000 for preschool children. Upgrading and updating the 135,000 teachers currently employed, of whom nearly one-half are uncertified, is an equally critical task.

This program attacks the problem by more efficient use of Federal grants to increase the number of teachers trained, by development of new models for improved effectiveness, and by targeting resources on crucial areas of need.

Support Grants:

The 1973 budget is based primarily on departmental support grants to institutions which are expected to produce the personnel indicated in the table on pages 170 and 171 entitled "Teacher Education."

Changes in personnel production and support patterns over the three year period 1971-73 are being implemented. From an emphasis on fixed levels of support of individual students in 1970 and prior years, 1972, 73, and 74 show a definite movement toward support of programs, together with variable levels of student support based on local need. The outcomes are expected to be stronger college programs, greater production of more highly skilled teachers, and increased numbers of students receiving smaller individual amounts of direct assistance.

The table shows actual data for 1972 which provide a basis for the 1973 and 1974 estimates. A comparison of the 1972 year total for personnel produced from supported programs with the number of students directly supported shows, for all academic year levels (undergraduate, master, and post-master, disregarding summer and institute trainees) a ratio of approximately 4 to 1. That is, three additional teachers are produced for every teacher trainee receiving financial assistance. (Summer and special institute trainees are primarily in State education agency programs in which all receive financial assistance). That type of multiplier can occur, in large measure, because Federal funds provide program support for faculty, staff, back-up services and supplies.

The 1973 and 1974 estimates, showing increased total production plus more students receiving financial assistance, reflect substantial reductions in dollar amounts per student, and larger numbers of applicants to special education programs. College and university student applications to special education are at an all time high, apparently related to the surplus of teachers for regular education and to improvements in attitudes toward work with handicapped children. Increasingly, special education manpower programs will be training persons from the teacher surplus pool, realizing additional cost-benefits from their prior preparation for regular classroom teaching.

With the concomitant move to multiple-year approvals of programs, an additional trend appearing in the table is toward larger amounts of money committed to support of continuing programs.

Objectives, 1974: The objectives are to:

1. Prepare in academic year 1973-74, 23,000 specially trained teachers and subprofessionals to serve an additional 350,000 handicapped children.

2. Include in the 23,000 teachers to be prepared, 5,000 college graduates who were initially trained as regular classroom teachers.

3. Substantially improve the special skills of teachers through support of 280 competency based programs with evaluation systems based on impact on children. We are emphasizing throughout this a renewed concern, in partnership with the institutions of higher education and state agencies, for output and systematic evaluation of teacher preparedness and performance. We are working toward establishing specified performance standards which each graduate must reach before certification.

We are also emphasizing a move toward preparation of leadership personnel who will train ancillary educators and subprofessionals to assist classroom teachers. These special personnel will provide less costly but more efficient educational assistance to mildly handicapped children. They can also assist specialists in education of the severely handicapped by carrying out under close supervision specific educational tests.

4. Develop and implement through the Special Projects Program improved models for training special educators, ancillary educators, parents, and others of consequence to the handicapped child, vocational-technical education of the handicapped, and teachers of the pre-school handicapped. Model training programs oriented toward combined community recreation and school physical education will be developed. This Special Projects program will be focused on specific experimental ideas which need to be tested as a means of making major changes in approaches to teacher education.

5. Develop and implement an additional two programs for the preparation of minority group educators.

6. Substantially increase the attention given to profoundly handicapped children in all training programs, and develop and implement an additional 3 training programs with major focus on profoundly handicapped children. Included in this group are teachers for the profoundly retarded children now found in custodial care institutions.

Formulas for Calculating Traineeship Awards

	Maximum
Junior Year Traineeships:	
Basic Stipend	$ 300
Senior Year Traineeships:	
Basic Stipend	800
Support to Institution	2,000
Total	2,800
Master's Level Traineeships:	
Basic Stipend	2,200
Average Dependency Allowance	600
Support to Institution	2,500
Total	5,300
Post-Master's Level Traineeships:	
Basic Stipend	3,200
Average Dependency Allowance	1,200
Support to Institutions	2,500
Total	6,900
Summer Traineeships:	
Basic Stipend	75/week
Travel and Institution Cost	75/week
Total	150
Summer Session: 6-10 weeks	
Institute Traineeships:	
Basic Stipend	15/day
Program Support	Full
Length of Institute: 1-15 days	

Teacher Education

	Individuals Directly Supported	Personnel Outputs from Supported Projects (est.)	Amount
Fiscal Year 1972:			
New:			
Undergraduate	2,500	11,200	$ 2,230,000
Master's	3,000	9,500	7,450,000
Postmaster's	825	2,000	1,420,000
Summer trainees	3,150	3,150	3,122,000
Institute trainees	12,700	12,700	2,153,000
New program development grants	--	(30)	2,476,000
New special projects (Program)	--	(20)	
Subtotal	22,175	38,550	18,851,000
Continuing:			
Undergraduate	--	(100)	1,900,000
Master's	--	(200)	5,820,000
Postmaster's	--	(45)	2,600,000
Special projects	--	(45)	3,484,000
Supplemental stipends	--	--	---
Administrative costs (SEA)	--	--	1,240,000
Subtotal	--	--	15,044,000
TOTAL	22,175	38,550	$33,895,000[1/]

	Individuals Directly Supported	Personnel Outputs from Supported Projects (est.)	Amount
Fiscal Year 1973:			
New:			
Undergraduate	2,800	11,000	$ 2,000,000
Master's	3,500	10,000	7,600,000
Postmaster's	950	2,200	1,650,000
Summer trainees	3,500	3,500	3,200,000
Institute trainees	15,500	15,500	3,200,000
New program development grants	--	(35)	2,200,000
New special projects	--	(10)	2,660,000
Subtotal	26,250	42,200	19,310,000
Continuing:			
Undergraduate	--	(100)	2,100,000
Master's	--	(200)	6,600,000
Postmaster's	--	(45)	3,200,000
Special projects	--	(50)	4,360,000
Supplemental stipends	--	--	100,000
Administrative costs (SEA)	--	--	1,240,000
Subtotal	--	--	17,600,000
TOTAL	26,250	42,200	$36,910,000 1/
Fiscal Year 1974:			
New:			
Undergraduate	1,900	35,000	$ 2,000,000
Master's	3,600	12,900	8,100,000
Postmaster's	800	2,800	1,940,000
Summer trainees	3,500	3,500	3,200,000
Institute trainees	16,000	16,000	2,200,000
New program development grants	--	(35)	2,660,000
New special projects	--	(10)	--
Subtotal	25,800	70,200	$20,100,000
Continuing:			
Undergraduate	--	(100)	2,100,000
Master's	--	(200)	6,600,000
Postmaster's	--	(45)	3,200,000
Summer trainees	--	(50)	4,360,000
Supplemental stipends	--	--	100,000
Administrative costs (SEA)	--	--	1,240,000
Subtotal	--	--	17,600,000
TOTAL	25,800	70,200	$37,700,000 1/

In fiscal years 1972 and 1973, at least 54 State agencies (50 States plus 4 outlying territories) and 304 institutions of higher education have participated in manpower preparation.

	1973 Estimate		1974 Estimate	
	No.	Amount	No.	Amount
New Institutions	10	$ 260,000	10	$ 250,000
Continuing Institutions	314	36,650,000	324	37,450,000
TOTAL	324	$36,910,000 1/	334	$37,700,000 1/

1/ In the tables for fiscal years 1972 and 1973, the Physical education and recreation training program was not included in the totals. In tables for fiscal year 1974 it is.

Program Purpose and Accomplishments

Activity: State grant program (Education of the Handicapped Act, Part B)

	1974	
1973	Authorization	Budget Estimate
$ 37,500,000	1/	---

1/ Authorization expires June 30, 1973; legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Purpose: To assist the States and outlying areas in the initiation, expansion, and improvement of programs and projects for handicapped children at the preschool, elementary, and secondary levels, and to serve as a catalyst to promote increased programming for children on a comprehensive basis involving various Federal programs and local resources.

Explanation: Funds are allocated and distributed to the States in proportion to their age 3 to 21 population (minimum $200,000). A portion of these allocations may be used for the administration of educational programs for handicapped children.

Accomplishments in 1973: States continued to use Federal funds to provide a catalytic basis for further State and local program support, and concentrated on increasing State and local funding of programs for identification and diagnosis of children and the development of regional resource personnel and centers. The program maintained the priority of a catalytic effort and operated at the 1972 level of providing direct services to over 200,000 children in Federally-supported model and demonstration programs at the State and local levels.

Objectives for 1974: Legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

Activity: Special target programs (Education of the Handicapped Act, Parts C and G)

	1974	
1973	Authorization	Budget Estimate
$ 32,493,000	1/	$32,493,000

1/ Authorization expires June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The Early Childhood program stimulates the development of comprehensive educational services for young (0-8) handicapped children through the establishment of model projects to be replicated, subsequently, in whole or in part, at a State or local level. The Special Learning Disabilities program is focusing on the identification and establishment of treatment approaches for specific learning disabilities disorders, the stimulation of model treatment approaches for specific learning disabilities disorders, the stimulation of model treatment programs and an incremental increase in the number of trained professionals. The Deaf-Blind Program establishes and operates centers to deliver specialized, intensive services to deaf-blind children to enable these children to achieve their full potential for communication and adjustment for useful and meaningful participation in society. The Regional Resource Centers program provides for grants and contracts to institutions of higher education or State educational agencies to establish and operate regional centers which develop and apply methods of determining the special needs of children and provide services to meet these needs; and assure that every teacher serving the handicapped children has the assistance and resources necessary for her to carry out her assigned responsibilities.

Explanation: Discretionary project grants or contracts are awarded to public and nonprofit private organizations for the development and implementation of these programs.

Accomplishments in 1973: The Early Childhood program directed its effort to increasing the enrollment of handicapped children in preschool programs by 75,000 to bring the total estimated number of children in such programs to 175,000. The Special Learning Disabilities program expanded to an additional 17 States bringing the total number of States served to 40. During school year September, 1972 through June, 1973, the Deaf-Blind Centers program directed its effort toward expanding its services through the 10 regional centers to provide educational services to an estimated 1,310 deaf-blind children; 709 deaf-blind children and their families will receive diagnostic counseling and tutorial services. For the school year September, 1973 through September, 1974 with fiscal year 1973 funds, the 10 regional centers will attempt to expand services to 500 additional deaf-blind children in residential and day facilities; total service will be to 2,600 deaf-blind children; the 15 Crisis Care Centers offered 24-hour care and pre-school experience for 150 severely handicapped deaf-blind children and intensive short-term counseling for their parents. The Regional Resource Centers program will direct its effort toward expanding the capabilities of the resource centers to meet the demands for quality comprehensive educational services for all handicapped children. The Southeastern multi-State complexes will be more fully implemented, and the upper Midwest compact will continue to receive extra resources to support its children's requirements.

Objectives for 1974:

1. The Early Childhood Program plans to: fund services through 100 demonstration projects for 5,500 handicapped children in comprehensive educational therapeutic services; provide 7,500 parents counseling and other consultative services; screen 20,000 children; and provide 5,000 teacher and aides with in-service training. Program involvement and training will be planned for 1,500 volunteers.

2. The Special Learning Disabilities Program plans to continue funding 30 service models in State education agencies.

3. The Deaf-Blind Center Program expects to provide: educational service for 2,900 children in residential and day-school facilities; crisis care service for 200 children and their families; diagnostic and educational assessment for 700 children; parent counseling for parents of 2,200 children; and in-service training for 1,200.

4. The Regional Resource Center Program will emphasize the improvement of the effectiveness of ongoing practices to serve the handicapped and the development of new techniques where none exist. Support will be provided for 7 centers. The emphasis is to cover all geographical areas. A new thrust called Special Target Grant program will provide a source of funds to assist States, local agencies and consortiums to identify issues, bring groups together to solve problems and work on the implementation of solutions. Grants will be awarded to approximately 8 States.

Activity: Innovation and development (Education of the Handicapped Act, Part E)

	1974	
1973	Authorization	Budget Estimate
$ 9,916,000	1/	$9,916,000

1/ Authorization expires June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The purpose of the Research and demonstration program is to improve educational opportunities for handicapped children through support of applied research and related activities. This provides the information and resources to support the development of full educational opportunity for every handicapped child. These activities are integrated in a planned pattern and support teacher training and the special services functions of the total Federal program for handicapped children. The Physical education and recreation research program provides support for research and related purposes relative to the needs and performance of handicapped children in the area of physical education and recreation.

Explanation: Applications are made by State education agencies, local education agencies, colleges and universities, and private and public nonprofit agencies. Awards are made on the basis of the proposal described in the application.

Accomplishments in 1973: The major effort was in the furtherance of research, innovation, and demonstration to assist in accomplishing overall handicapped objectives, and these efforts were closely related to developing a rational commitment to full educational opportunities for the handicapped. The issue of the ability of schools to provide necessary special services in the regular classroom for the education of handicapped children was given attention through several studies. One study was a data collection effort designed as an evaluation of integrated programming involving more than 3,000 children. The need for quality career and vocational education for handicapped youngsters received attention through support of demonstration projects.

The physical education and recreation program was involved in collecting, packaging, and disseminating efforts related to adapted physical education and therapeutic recreation.

Objectives for 1974: In the early childhood education area support will be provided for research and development activities related to the delivery of service in preschool education, and developing and validating curriculum for handicapped preschool children. Support in the important area of career education will be for analysis of prevocational preparation in special education programs, assessment of vocational programming for the handicapped, and assessment of postsecondary programs. In the "full-school services for all handicapped children" area, tasks to be supported are development of curriculum, methods, and materials related to education of handicapped children; identification of an evaluation of advances in educational technology which show promise of minimizing the educational problems of handicapped children; and the study of appropriate models for delivery of special education services. Attention will be given to the activities concerning the national interest in continuing education programs for the adult deaf.

Activity: Technology and communication (Education of the Handicapped Act, Part D, Section 633, and Part F)

	1974	
1973	Authorization	Budget Estimate
$ 13,500,000	$20,000,000 1/	$13,500,000

1/ Authorization for the Recruitment and information portion of this program expires on June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The Media Services and Captioned films program responds to the need to help provide the handicapped teacher with specific educational material so as to make it possible for him to educate effectively. The program makes available to handicapped persons a portion of the entertainment and educational films, video, tape, records, etc., that are available to the general public and to develop appropriate educational technology for use by handicapped pupils and their teachers. The program is also concerned with the development and implementation of systems to assure that such materials become available for classroom use. The Recruitment and information program provides non-matching grants or contracts to conduct projects to interest people in entering the career field of special education, and to disseminate information and provide referral services for parents of handicapped children.

Explanation: Qualified applicants are State education agencies, local education agencies, colleges and universities, private, and public nonprofit agencies. Awards are made on the basis of the quality and appropriateness of the proposal.

Accomplishment in 1973: The education media distribution center continued to search for new and less expensive methods of delivering services to schools and classes for the deaf and adult deaf population. The consolidation of three captioned film libraries into one covered the cost of booking films and increased the rapidity of turnover of films for wider audience viewing. The total audience in 1973 numbered more than 2.75 million. Plans were started for a program to supply films and other educational media on a no-cost basis to a minimum of 1,000 teachers of handicapped children other than deaf.

The Special Education communications network continued to develop the mechanisms to bring all handicapped children the resources they need, where and when they need them. Approximately three million have been served. The number of computer based research units reached approximately 500,000 units by 75,000 teachers. The National center on educational media and materials for the handicapped completed one year of planning and development, and is now ready to begin operations in the design, development, and adaptation of new instructional materials. The demonstration and research program supported 14 media-related projects in the area of child centered learning technology. There were a number of activities in the captioned TV area, such as captioning and broadcasting of 26 French Chef programs over PBS; captioning and broadcasting of the inaugural speech; and development of a decoder for making captioned television feasible. The recruitment and information program anticipates establishing a referral system in approximately 100 cities and conducting TV programs concerning handicapped.

Objectives for 1974: Objectives in 1974 are to develop and design resources to increase the effectiveness of scarce manpower, make it easier for the handicapped learner to be better able to participate in regular education, and reduce the long term cost of education of handicapped children. Emphasis will be directed to achieving the five major objectives for education of the handicapped: In early childhood, continuing support of media development and validation projects for early education programs; in manpower development, we continued expansion, cataloging, packaging, and dissemination of teacher media training materials; in career education, continuing work on the development of applications of technology to vocational education for the handicapped; in full services, the National Media Center for the Handicapped will help to provide management and centralized services to the media program; and in captioned films for the deaf, support of the entertainment and cultural aspects of the film program will continue, as well as captioned television experimental work in conjunction with the National Science Foundation and the television industry.

Activity: Special education and manpower development (Education of the Handicapped Act, Part D, Sections 631 and 632)

	1974	
1973	Authorization	Budget Estimate
$ 37,610,000	1/	37,700,000

1/ Authorization expires June 30, 1973. Additional authorizing legislation will be proposed.

Purpose: The Teacher education program provides for the training of personnel in the various fields of education for handicapped children, such as teachers, teacher educators, researchers, speech correctionists, and other special service personnel. The Physical education and recreation training program provides for grants to prepare physical education and recreation teachers, teacher educators, supervisors, and researchers in physical education and recreation for the handicapped.

Explanation: Project grants are made to State education agencies and institutions of higher education to assist them in developing and improving training programs for educational personnel for the handicapped.

Accomplishments in 1973: The Teacher education program placed emphasis on establishing a system by which the annual increment in capacity to serve handicapped children by specially trained teachers will mount on an accelerating curve, beginning with 420,000 children in 1973; from the surplus of teachers initially prepared for regular instruction, selecting and training at least 5,000 for teaching the handicapped; developing and implementing an additional 10 programs in rural areas of the country, 5 programs in black colleges, at least 10 programs in vocational-technical education, and an additional 10 programs for teachers of the preschool handicapped. The Physical education and recreation training program planned the establishment of one additional training program; emphasis is to be placed on leadership personnel to promote programs of direct service to children and to initiate community college programs; upgrade and update with appropriate information about the handicapped at least 500 physical education and recreation personnel.

Objectives for 1974: 1974 objectives are to prepare in academic year 1973-1974, 23,000 specially trained teachers and subprofessionals to serve an additional 350,000 handicapped children. From the 23,000 to be prepared, the goal is to have 9,000 college graduates who were initially trained as regular classroom teachers. Emphasis will be placed on substantially improving the special skills of teachers through support of 280 competency-based programs with evaluation systems based on impact on children. A move will be made toward preparing leadership personnel who will train ancillary educators and subprofessionals to assist classroom teachers. These special personnel will provide less costly but more efficient educational assistance to mildly handicapped children. The Special projects program will emphasize the development and implementation of improved models for training special educators, ancillary educators, and parents. Also to be emphasized will be the development and implementation of an additional two programs for the preparation of minority-group educators.

State Grant Program

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$ 37,499,378	$37,500,000	---
Alabama	714,722	623,197	---
Alaska	200,000	200,000	---
Arizona	281,316	292,683	---
Arkansas	372,783	330,113	---
California	3,000,969	3,385,395	---
Colorado	357,041	401,127	---
Connecticut	462,435	508,420	---
Delaware	200,000	200,000	---
Florida	921,515	1,071,232	---
Georgia	853,556	832,051	---
Hawaii	200,000	200,000	---
Idaho	200,000	200,000	---
Illinois	1,863,550	1,901,098	---
Indiana	932,742	926,786	---
Iowa	541,816	492,895	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate 2/
Kansas	423,897	$ 388,245	---
Kentucky	638,302	572,173	---
Louisiana	714,466	696,632	---
Maine	200,000	200,000	---
Maryland	618,153	691,156	---
Massachusetts	939,707	958,174	---
Michigan	1,587,955	1,624,522	---
Minnesota	691,697	693,438	---
Mississippi	500,272	423,539	---
Missouri	803,303	789,238	---
Montana	200,000	200,000	---
Nebraska	272,180	248,063	---
Nevada	200,000	200,000	---
New Hampshire	200,000	200,000	---
New Jersey	1,084,951	1,180,056	---
New Mexico	220,142	200,000	---
New York	2,917,989	2,934,166	---
North Carolina	1,007,815	916,643	---
North Dakota	200,000	200,000	---
Ohio	1,902,397	1,875,154	---
Oklahoma	459,249	430,532	---
Oregon	349,280	355,386	---
Pennsylvania	2,092,856	1,946,284	---
Rhode Island	200,000	200,000	---
South Carolina	561,765	494,334	---
South Dakota	200,000	200,000	---
Tennessee	741,666	678,849	---
Texas	2,001,270	2,020,909	---
Utah	207,289	210,893	---
Vermont	200,000	200,000	---
Virginia	826,445	822,173	---
Washington	565,723	595,157	---
West Virginia	393,108	296,941	---
Wisconsin	782,823	800,113	---
Wyoming	200,000	200,000	---
District of Columbia	200,000	200,000	---
American Samoa	70,000	70,000	---
Guam	80,000	80,000	---
Puerto Rico	652,233	652,233	---
Trust Territory	80,000	80,000	---
Virgin Islands	80,000	80,000	---
Bureau of Indian Affairs	130,000	130,000	---

1/ Distribution estimated on the basis of the 3-21 population, April 1, 1970, with a minimum of $200,000. 3 percent of the 50 States and D.C. amount reserved for the outlying areas.

2/ Legislation will be submitted to consolidate this activity into Special Education Revenue Sharing.

SUBCOMMITTEE RECESS

The subcommittee will recess until 2 p.m., and then we would like to resume with the Occupational, Vocational and Adult Education sections of your budget.

[Whereupon, the subcommittee was recessed until 2 p.m. the same day.]

[Afternoon Session, 2:20 o'Clock, Thursday, May 17, 1973]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Occupational, Vocational, and Adult Education

STATEMENT OF DR. WILLIAM F. PIERCE, DEPUTY COMMISSIONER FOR OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

ACCOMPANIED BY:

- **DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE**
- **DR. ROBERT M. WORTHINGTON, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION**
- **MICHAEL RUSSO, ACTING DIRECTOR, DIVISION OF VOCATIONAL AND TECHNICAL EDUCATION**
- **PAUL DELKER, DIRECTOR, DIVISION OF ADULT EDUCATION**
- **DR. HOWARD HJELM, SPECIAL ASSISTANT TO THE ASSOCIATE COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION**
- **LEROY CORNELSEN, PLANNING OFFICER FOR OCCUPATIONAL AND ADULT EDUCATION**
- **DR. DUANE M. NIELSEN, ACTING COORDINATOR FOR CAREER EDUCATION**
- **JOE G. KEEN, BUDGET OFFICER**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

INTRODUCTION OF ASSOCIATES

Senator Schweiker [presiding]. The subcommittee will please come to order, and we will now resume our hearings with the Occupational, Vocational, and Adult Education.

Dr. Pierce, who is Deputy Commissioner for this Bureau, is here to tell us about the fiscal year 1974 budget request.

Doctor, would you introduce your associates at the table, and then proceed with your statement?

Dr. Pierce. Thank you, Mr. Chairman. I would be happy to do that.

In addition to Dr. Ottina, who was here this morning, Commissioner Designate; and Mr. Miller, the Assistant for Budget, I have with me on my immediate right, Dr. Robert Worthington, the Associate Commissioner for Occupational and Adult Education; behind me, Mr. Paul Delker, the Director of our Division of Adult Education; Mr. Michael Russo, Director of Vocational Education; Mr. Hjelm, Director of Research; behind him, Mr. Cornelsen, Director of our Planning Unit; and Mr. Duane Nielsen, Acting Coordinator for our Career Education Activities.

If I may, Mr. Chairman, with your permission, I would like to read into the record a prepared statement.

Senator SCHWEIKER. All right. Go ahead.

GENERAL STATEMENT

Dr. PIERCE. Mr. Chairman and members of the committee, thank you for the opportunity to appear here today and to present our budget request on Occupational, Vocational and Adult Education for fiscal year 1974.

The request must be examined in two parts. First, the major portion of the vocational and adult education programs is being incorporated into the proposed Better Schools Act of 1973, which has been transmitted to the Congress. Second, an additional $45 million is requested here under the discretionary authorities of the Cooperative Research Act and the Adult Education Act.

These funds will be utilized to support the broader purposes of State programs to do six things: First, further develop techniques by which the career education concept can best be made an integral part of the instructional program of every teacher at every level; second, install these tested and validated techniques into large geographical areas of several States; third, assess and disseminate successful career education materials; fourth, develop new curriculum materials in vocational education and career education; fifth, improve the educational level of under-educated adults; and sixth, improve State and local vocational education administration, and guidance, counseling, placement, and followup.

The 1974 budget request for Occupational, Vocational, and Adult Education Research and Demonstration is therefore $45 million. As vocational education assumes its role as an integral part of career education activity, $8 million is requested for vocational education innovation; $4 million for vocational education curriculum development; and $9 million for vocational education research. In addition, $10 million is requested for adult education special projects and teacher training grants and $14 million is requested for installation and demonstration of career education.

INTRODUCTION

Just over 2 years ago, Dr. Sidney P. Marland, then the Commissioner of Education, began to highlight the need for infusion of a new concept in educational program planning and operation. He began the search for new meaning and new directions in education under an agencywide thrust of career education.

This concept is rapidly becoming an educational principle by which education programs at all levels are being redesigned and reformed to meet the career development needs of the individual in particular and society in general. The concept weaves together the various parts of our educational system at levels K–14, postsecondary, and adult. It is beginning to erode the separation between things academic and things vocational in providing a focus and purpose for all education programs.

To further achieve this large goal, we are planning to develop and install model career education components in sites around the country. These programs and projects will be carried out by State and local agencies and institutions and ultimately will point the way toward major reform of the public schools of the United States.

The training of teachers and support personnel will be a critical area in the dissemination, utilization, and evaluation phase of career education models. Particular attention therefore will be given to disadvantaged populations in urban and rural areas, including the provision of opportunities for out-of-school youngsters to recycle into training programs as their employment experience necessitates.

The following specific activities will afford the incorporation of these interrelated activities and components into the regular educational programs of education in all States and territories and will, therefore, constitute vocational education's contributions to the larger more comprehensive career education efforts.

VOCATIONAL RESEARCH

I would like to discuss first, the request for vocational research.

In fiscal year 1974, a total of $21 million is requested to continue the major goal of improving the overall management and operation of vocational education programs through coordinated development, demonstration, diffusion, and adoption processes. To this end, we are requesting that the various vocational research authorities be funded under the Cooperative Research Act.

The three specification components being requested to support our vocational efforts are: first. innovation. An amount of $8 million is requested to continue the exemplary vocational education programs as a part of the comprehensive career education effort initiated in 1973. The major purpose here is to convert the results of completed research and development work into actual operational programs in local school districts.

Next, curriculum: an amount of $4 million is requested to support 22 projects to develop curriculum for students and teachers in additional occupational clusters; for new careers at the postsecondary level in technical education; for home-based television programs for adult workers, and for creative projects of national significance which may be submitted.

Research: $9 million is requested to support efforts to continue vocational research programs, to produce management, administration, and planning information, for the development and/or modification and testing of comprehensive guidance, counseling, placement, and follow-up systems, and to further develop and test models of that nature.

CAREER EDUCATION-INSTALLATION AND DEMONSTRATION

Also, I would like to discuss our budget request for career education, which, as you know, is one of the major 1974 priorities among elementary and secondary education programs. The $14 million requested will support a small number of career education installation-demonstration projects.

The purpose of these projects will be to demonstrate the feasibility of implementing career education through different regional, governmental, and organizational arrangements. These projects will build upon the base of knowledge coming from other career education activities in the Office of Education as well as the research and development efforts in the National Institute of Education.

In addition, a dissemination strategy will be planned and implemented aimed at identifying, assessing, classifying, packaging, and distributing the effective and transportable elements of the installation-demonstration projects, other Office of Education career education projects supported from other discretionary fund sources, and the National Institute of Education career model development projects.

ADULT EDUCATION

Finally, I'd like to discuss our request for adult education special projects and teacher training.

Adult basic education is an educational enterprise which can affect generations. Most illiterate parents tend to rear illiterate or functionally illiterate children; but the more education an adult has, the more likely he is to encourage and inspire his children to profit from education. Our experience in America clearly indicates that a step ahead for parents is likely to mean four or five steps ahead for the children—a great and rewarding increase in upward mobility.

With the $7 million requested for adult education special projects, we would propose that 40 special demonstration projects will be awarded which will be aimed at reducing adult illiteracy. These grants will provide for innovative communication and computational adult education projects. Effective administrative practices and instructional techniques resulting from these grants will be made available to the States for incorporation into their State adult literacy programs.

These projects will address priorities identified by the States as being areas of greatest need and will include development of projects in: first, dissemination and utilization of delivery systems; second, development of literacy definitions for utilizations in standardized measuring instruments; and third, the identification of curriculum components which improve the literacy level of illiterate adults.

Of the proposed $3 million requested for adult education teacher training projects, $2.5 million has been earmarked for the final phase of Federal funding of the nine regional adult education staff development programs.

During this, the final phase, plans will be made to develop financial arrangements between State governments and the sponsors of the training in order to institutionalize the system without further Federal funds. It is expected that training opportunities will be offered to approximately 20,000 individuals through these regional staff development programs. The remaining $500,000 will support five national institutes to be conducted in cooperation with participating institutions of higher education.

In summary, Mr. Chairman, we are requesting $14 million to carry out career education demonstration and $21 million for innovation, curriculum development, and research, to be funded under the authority of the Cooperative Research Act, and $10 million for adult education special projects and teacher training to be funded under the authority of the Adult Education Act.

Mr. Chairman, we would be happy to attempt to answer any questions that you may have regarding vocational, adult, occupational, or career education in this budget.

Senator SCHWEIKER. Thank you, Dr. Pierce.

CREATION OF OCCUPATIONAL EDUCATION

I notice in your account title, you have a provision to include occupational education, and I just wondered if you would further clarify how this title fits in the other accounts, and definition of it by your nomenclature.

Dr. PIERCE. I'm not sure I understand your question, Mr. Chairman. You mean the newness of the term "occupational education"?

Senator SCHWEIKER. Well, you revise your account title to include occupational education. What are you including by that, and what do you mean by that?

Dr. PIERCE. If you recall last year in the Educational Amendments of 1972, Congress created the Bureau of Occupational and Adult Education, and authorized funds for occupational training, which is an expansion of the definition of vocational education to include further and additional pre-vocational exploratory activities at the elementary level, to include more and greater emphasis for occupational or vocational training at the postsecondary level, and to emphasize counseling and guidance.

All of those activities are now incorporated in occupational education and can be carried out under the provisions of this budget.

Senator SCHWEIKER. Now, where does career education fit in with relation to that definition?

Dr. PIERCE. In the organization of this new Bureau, the Commissioner of Education and staff determined that administratively the concept of career education, which is broader than occupational education and broader than vocational education, should be housed in this new deputyship.

So it is my responsibility, actually, to wear two hats, one, the promotion and implementation of the career education model, which fits across all of education, transcends all levels of education and all teachers; and the other, the deputy for occupational and adult education, which has a more narrow focus. It deals with the acquisition of either information about occupations or the actual provision of specific skills about occupations, and it fits in as a total part of the concept of career education.

Senator SCHWEIKER. Nowadays, we are shifting back somewhat to vocational education emphasis, vocational education schools. For many years, unfortunately, I think vocational education was either frowned upon or scorned upon, and we had, as one of our educators called it, the "sheepskin psychosis."

ENROLLMENT IN VOCATIONAL EDUCATION

What is the figure in terms of our efforts in enrollment in past, present, and future vocational education?

Dr. PIERCE. We have increased—and I can't go back much beyond about 1972 at the moment, because I don't have the figure before me. I could certainly provide them.

But in 1972, nationally, we had just short of 11.5 million youngsters enrolled in vocational education, and occupational education. Our projection for 1973 is 12.6 million; about a 10.5 percent increase. We would hope that that would expand even more rapidly in the future, as we provide more occupational education opportunities; not only in terms of programs, but in terms of facilities for young people.

In 1963, for example, there were about 405 occupational schools, or area centers available in the country.

Senator SCHWEIKER. You're using interchangeably occupational and vocational. Are they interchangeable?

Dr. PIERCE. In my mind, they are.

Senator SCHWEIKER. I didn't get that feeling from the way you outlined your categories. Maybe I misunderstood.

Dr. PIERCE. In my mind, they are. Occupational education is a broader term than vocational education.

Senator SCHWEIKER. Because your topical budget thing says occupational, vocational and adult education, as if they are two different entities.

Dr. PIERCE. Well, actually, as we began to grapple with how you organize the Bureau of Occupational and Adult Education as it is called in the legislation, we had to grapple with what Congress really perceived as being the difference between occupational and vocational education.

We have tried to make a difference, or to suggest there is some difference, to show Congress that we are trying to be responsive to the concerns of Congress. In my sense of what Congress wanted and what I think the people that I've talked to feel that Congress meant was that they simply wanted us to do what they have been asking us to do for a long time in vocational education; and that is to expand it, broaden it, and stop narrowing it and thinking of it only in terms of skills, or training. So we included the title in the Bureau as it was requested.

We talk about it, but from my point of view, there isn't all that much difference in a good vocational education or a good occupational education.

CURRICULUM DEVELOPMENT

Senator SCHWEIKER. Do you have a rough breakdown of what is the most popular curriculum of vocational education? Where is the major emphasis in vocational or occupation education going in terms of topical curriculum subjects or fields, however you might break it down?

Dr. PIERCE. Typically, I think it wouldn't follow from year to year. The major emphasis, the major enrollments would likely be in both office and distributive education, and in trade and technical education. We find of the 12.6 million youngsters enrolled in 1973, 2.3 million of those would be in office and distributive education; and 2.3 million of them in trade and technical education. So that those are the two biggest areas in terms of absolute numbers of youngsters.

RETURNING VETERANS

Senator **Schweiker**. What kind of training and counseling opportunities are you providing for veterans?

Dr. **Pierce**. We are attempting to expand the counseling activities for veterans at the post-secondary level. We have been engaged in a program called Project Transition, that is being funded under the Manpower Development and Training Act.

Dr. Worthington may like to expand on that program. It has been going on now for about 18 months to 2 years, and it is a program in which we actually take counselors to areas overseas and begin to deal with the veterans about 6 months before they terminate their experience in the service, and begin to provide them with educational counseling.

Dr. **Worthington**. Yes. We have been working very closely, Mr. Chairman, with Mr. James Oates, the Chairman of the Jobs for Veterans programs. We also have transition sites located throughout the Nation. These are funded through the Institutional Manpower Development and Training funds, which were appropriated, as you know, to the Department of Labor.

And we have been encouraging our State leaders by bringing people from the Department of Defense before them to discuss the needs of returning veterans. In fact, just in the last month, we had a group of 50 State leaders meeting with about 12 or 15 people from all of the military services to discuss this very matter in Washington.

We are very concerned about it.

Dr. **Pierce**. We recognize the need. We have to increase our efforts, obviously, at the post-secondary level.

Senator **Schweiker**. Is there an effort here to shift this responsibility to the States under your proposals, or are you retaining this responsibility?

Dr. **Pierce**. Which responsibility?

Senator **Schweiker**. The veterans' counseling and guidance opportunities for veterans, training and counseling for veterans.

Dr. **Pierce**. The premise behind the total concept of the Better Schools Act shifts the responsibility for vocational education more directly to the States, so that they can respond to their own State needs. And in that context, the efforts that would be exerted toward veterans would certainly be shifted to the States, as the whole emphasis is shifted to the States.

Senator **Schweiker**. Of course, that's on the assumption that the Better School Act is going to pass.

Dr. **Pierce**. That's true.

Senator **Schweiker**. Being on the authorizing committee, I would say that's a very dubious assumption, but go ahead. [General laughter.]

Dr. **Pierce**. Well, on the assumption that it does pass, and that would indeed be our efforts, with the $45 million in discretionary moneys that we are asking for in the 1974 budget, we would continue the national effort with a national thrust in that area in so much as we possibly could with our available funds.

One of the proposals, or one of our special areas of emphasis under the $9 million we requested for vocational education research is for counseling and guidance, and we would probably spend in the neighborhood of $2 million to $3 million of the $9 million for counseling and guidance.

And therefore, we would have some funds available for some rather heavy emphasis in trying to promote additional counseling and guidance activities for veterans.

PROJECT TRANSITION

Dr. **Worthington.** If it might help, Mr. Chairman, I would just describe briefly one of these skill centers that I just visited recently for GI's operates. The funds come through our office to the State department of education in Kansas, which is the major agency. They work directly with the State department of Labor. They are working with several private groups and the military service. So it involves all levels of government.

The particular program we are running is Project Transition, and we have had a great deal of success in it. It is designed so that when veterans exit the service, they have an entry level skill, and the necessary guidance and counseling to help them choose an option.

Senator **Schweiker.** Why do we have—my next question doesn't relate to that, but I'm asking all of you; Why is our unemployment of veterans so bad and so high? What are some of the factors here as to why we haven't done a better job in this area?

I say "we" meaning the country, not necessarily the Government per se. Does anybody have any ideas on that?

Dr. **Worthington.** I think a lot of the Vietnam era veterans were young men who had little education and training when they were drafted into the service. They were trained in military specialities. The philosophy of the military has not been to develop a salable skill for civilian life.

CAREER EDUCATION CONCEPTS

And this is one thing the jobs for veterans programs is trying to promote through the military. The career education concept is really what I believe is needed for the military. So that when a young man who goes into the service, gets ready to leave there, he will have marketable skill.

Dr. **Pierce.** Beyond that, and in a broader sense, the career education effort really addresses itself to that need, because historically, education has not assumed, I think, its proper role in preparing people to live and work in a functioning society, and there hasn't been a focus on providing people with the skills—both mechanical skills and the coping skills necessary to work in society.

The career education concept begins that whole thrust at the elementary level, and carries it all the way through. So that, ideally, and over time, the veterans getting out who would have gone through an educational system designed around the career education concept would not have the kind of problems that our young people have now. They would be prepared and they could make that transition very easily.

But in addition to that, as Bob says, the service is very concerned about providing training that leads to civilian skills, and those things are coupled with, a number of other variables that help to compound this problem that you mentioned.

All of those—I think could be addressed one at a time. But from my point of view, the career education concept is the one that gets at the heart of the issue.

Senator **Schweiker**. I agree with you there. That's very true.

What are specifically the career education models that you are figuring on in your problem?

Dr. **Pierce**. The ones that have now been funded are in about 112 school districts around the country.

Senator **Schweiker**. And how will they operate?

Dr. **Pierce**. These models, funded under parts C and D of the Vocational Education Act, are designed to try to look for ways, techniques, and strategies, whereby the career education concept is actually put into place in the classroom.

You can talk about a philosophical concept, but then you, at some point in time, have to get down to the nuts and bolts of what does a teacher do in the classroom. And these models are attempting to let people at the local level determine and describe exactly what teachers do in the classrooms at every level. And they're found, as I said, in every State and every territory.

We are just now in the process of evaluating what those strategies and techniques really were, what were the differences, and what teachers have found that do, indeed, work. And that is what we propose to use part of the $14 million for, to describe and then transport those strategies.

We happen to have some information about a project in Pittsburgh that deals with career education. That one happens to deal with vocational education and counseling for urban youth. That's the emphasis and focus of that specific one.

In other cities and other communities, it would be on more rural-related problems, so that by each of these models or each of these districts taking a different aspect of the problems, we can now begin to put it all together, and decide what worked and what didn't.

COMPONENTS OF VOCATIONAL EDUCATIONAL COUNSELING SYSTEM

Senator **Schweiker**. Now, the one with urban youth, what skills or vocations does this focus on or will it?

Dr. **Pierce**. I don't have much detail about that project. We can provide it, but in terms of specifics, I don't really know.

[The information follows:]

STATE:	Pennsylvania
TITLE OF PROJECT AND PROJECT NUMBER:	Selected Functional Components of a Vocational Education Counseling System for Urban Youth 0-361-0149
DIRECTOR:	Robert G. Lamping Director, Pittsburgh Public Schools Occupational, Vocational, and Technical Education 635 Ridge Avenue Pittsburgh, Pennsylvania 15212
APPLICANT ORGANIZATION:	Pittsburgh School District
ESTIMATED TOTAL FEDERAL FUNDS - SECTION 142(c):	$468,451
DURATION:	July 1970 through January 1974

DESCRIPTION OF PROGRAM:

I. Administrative Structure

The project director will devote approximately 10 percent of his time to this project; the project supervisor will spend his total time with the project. Teachers presently employed in the Pittsburgh public school system will be provided inservice training through exemplary program funds and will be utilized for implementation of the project. Consultants will be employed for approximately 30 days.

II. Program Design

Program will extend counseling system presently operating in Pittsburgh area to elementary, junior high, and secondary schools in Model Cities Area. Purpose is to provide occupational information, guidance and counseling at three specific times: (1) Career Orientation in elementary school; (2) Opportunity for cooperative work experience programs for high school students enrolled in skill-centered courses; (3) Placement for high school graduates.

Counseling services will also be provided for high school students who are not enrolled in vocational courses. Includes industry sites for skill training and provision of supplementary services -- remedial work and vocational counseling. Above outlined system should correct or minimize inconsistency of counseling function.

III. Program Components

A. Occupational Orientation -- Occupational orientation will be offered to elementary students in public and parochial schools in Model Cities Area by a team of itinerant teachers.

Pennsylvania

A career resource center will be established at a selected site within the Pittsburgh District in either an unused elementary school or other facility through which junior high students will be rotated for exploratory activities.

B. Cooperative Education -- Students enrolled in any secondary vocational education course may initiate a cooperative work-experience activity. Work-experience coordinators in the public school system enter program here and function as liaison between industry and the teacher.

C. Intensive Job Entry Skill Training -- A short-term program will be available to "educationally alienated" students through contracts with businesses to provide skill training. The school will supply related supplementary services. Fifteen new programs to provide entry-level skills will be offered at the Connelly High School (Model Cities school).

D. Occupational Guidance, Counseling, and Placement -- Counseling services will be expanded from the secondary level to the elementary level. Work-experience coordinator works with students in securing placement after graduation.

IV. Unique Features

A. Career resource center through which students are rotated for exploration purposes.

B. Model Cities coordination.

C. Flexible, comprehensive approach to the development of the human being.

D. Unique approach to cooperation between private and parochial agencies and the public system.

INITIATIVES IN CAREER EDUCATION

Dr. OTTINA. Mr. Chairman, If I might just add, the idea of initiative in the Office of Education about career education extends across the board. So there isn't anywhere in our testimony a really appropriate time to provide to you the composite other than as we discussed now.

And I wondered if I might offer for the record, a table showing our combined efforts in the various areas in the last 2 or 3 years on career education.

Senator SCHWEIKER. I'd be very glad to have it.

[The information follows:]

DIVISION OF EDUCATION

Initiatives in Career Education

(in thousands)

Appropriation/Activity	FY 1972 Appropriation Total	FY 1972 Appropriation Career Education	FY 1973 Estimate Total	FY 1973 Estimate Career Education	FY 1974 Estimate Total	FY 1974 Estimate Career Education
Vocational and Adult Education:						
Programs for students with special needs (VEA, Part B)	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 1/	$ 1/
Work-study (VEA, Part H)	6,000	6,000	6,000	6,000	1/	1/
Cooperative education (VEA, Part G)	19,500	19,500	19,500	19,500	1/	1/
Innovation (VEA, Part D)	16,000	16,000	16,000	16,000	1/	1/
Innovation (Coop. Res. Act)	---	---	---	---	8,000	8,000
Curriculum development (VEA, Part I)	4,000	4,000	4,000	4,000	1/	1/
Curriculum development (Coop. Res. Act).	---	---	---	---	4,000	4,000
Research (VEA, Part C)	18,000	18,000	18,000	18,000	---	---
Research (Coop. Res. Act)	---	---	---	---	9,000	9,000
Higher Education:						
Cooperative education (HEA IV)	1,700	1,700	10,750	10,750	10,750	10,750
Talent search (HEA IV)	5,000	---	6,000	1,000	6,000	1,000
Special services in college (HEA IV)	15,000	---	26,000	11,000	26,000	11,000
Upward bound (HEA IV)	31,000	---	38,331	7,331	38,331	7,331
Educational Renewal:						
Dropout prevention (ESEA VIII)	10,000	2,000	8,500	2,000	4,000	---
Career education personnel (EPDA, Parts D and F)	8,900	6,900	6,900	6,900	---	---
Career education model installation (Coop. Res. Act)	---	---	---	---	14,000	14,000
National Institute of Education	19,900	19,900	11,100	11,100	15,100	15,100
TOTAL		114,000		133,581		80,181

1/ Revenue Sharing.

NEEDS IN UNEMPLOYMENT AREAS

Senator SCHWEIKER. What kind of relationships do the emphasis that your program—let's restate the question, now. What studies or indications do you have that relates the relevancy of the kind of topical career, vocational educational subjects do you have, that relates it to the need that is evident around the area?

In other words, I hear continually any number of industries that say, they can't get that kind of a technician, or they can't even get a garage mechanic, or they can't even get some very—not necessarily simple skill, but skill that isn't too difficult to learn if they are given proper training.

Now, how are we meshing our expenditures here to fill the real needs that very seriously exist where you have a lot of unemployment in areas, and yet, you have jobs going begging because you don't have the skills? How are we fitting this together as a national program? What are we doing about it?

Dr. WORTHINGTON. Over the last several years, there has been a great improvement in State planning, and the States have developed a system of 5-year plans, where they include manpower projections in the various areas. As a matter of fact, there's a close tie-in with every State vocational education agency and the State employment service.

Most of the States, in the construction area of vocational technical schools, have done a manpower needs survey in the area before they begin that construction. As you know, Pennsylvania has been very active in the construction of area vocational, technical centers.

I think that receiving up-to-date manpower data has been a difficult problem. We have worked closely with the Department of Labor, but often we don't have the most accurate data.

OCCUPATIONAL CLUSTERS

Now, in order to combat that problem, we have been attempting to move into broad occupational clusters, and we have evolved over the past 2 or 3 years 15 broad occupational clusters in which we are encouraging the development of curriculum materials, which would in these 15 broad clusters, cover some 20,000 occupations.

By broadening the program in this manner, in the cluster type of curriculum, rather than the very narrow types of programs we used to have in our traditional vocational schools, we give the young person an opportunity to start in the cluster at an entry level or to move up as far as he would desire. We think this will be evolving in this country within the next few years. It's already well underway.

Dr. PIERCE. I was just going to add to that, if I might. You put your finger on really a crucial issue, and a very difficult problem of keeping programs in schools current with the needs of the community.

And one of the problems that we find constantly as we deal with vocational educators around the country is that they have needs for a good data base, and a way to get that data quickly, and get it analyzed quickly, and then back to the schools quickly, so that they can make those adjustments in some reasonable period of time.

One of the suggestions that we have in the testimony, one of the ways that we would like to spend some of our new vocational education research money, if it comes to us, is to develop better ways to provide data to the States, and to provide management systems for vocational educators, so that they can be more responsive to their communities.

It is a constant problem that we have to try to find new and better solutions for.

VOCATIONAL EDUCATION PROGRAMS IN PENNSYLVANIA

Senator SCHWEIKER. I had a reading—I agree with what you say, by and large, about Pennsylvania's vocational technical programs, schools that are generally fairly good. And yet I was astounded to talk recently with one of the leading industrialists in Erie, who has a very technically oriented company. And he was complaining, there just weren't the technological people available for his company to really function and operate effectively. They had to go outside of the area to get to it.

Again, this may be the exception in Pennsylvania. But I keep hearing about it in other areas, too. There's a crying need for certain kinds of skills and training, or career-type jobs; and yet, we don't seem to be putting it together.

And I realize a lot of that problem is local, but it seems to me, there ought to be some national coordination of needs and fitting the needs to the national resources.

Dr. PIERCE. And one of the things that's needed, obviously, is some way to project what those needs will be, because it takes some reasonable period of time for schools to gear up for needs, and to be able to meet the demands. And if there was some way we could better project what the needs would be in the future, then we could be more responsive.

Of course, the other feature that exists is that they do have a facility there in that community, where the training could, indeed, be provided. One of the things that we have been developing over the years in vocational education, over the last 3, 4, or 5 years, is that kind of delivery system. We now have almost 19,000 vocational schools or vocational centers where that kind of training, that you're talking about, can be provided.

Whereas in 1963, there were only about 400 such facilities. So we are beginning to develop a system that can respond to the needs of that industrialist and people like him all over the country.

Dr. WORTHINGTON. As a matter of fact, Mr. Chairman, we could provide you with the names and locations of area vocational technical centers, where industries have moved because of the skilled training available. I know of a location in Ohio where General Motors set up a plant because they could get the vocational technical program. Several places in South Carolina have been able to recruit industries to the South because they had the vocational technical centers that are available to train the people.

Senator SCHWEIKER. Do you have any evidence or studies made to measure specifically the attitude of young people, say, about career education and vocational education?

In other words, is it still psychologically in people's minds, a blue collar kind of thing, that because you don't get a sheepskin, it isn't as acceptable to their peer group as some other job?

Is that diminishing psychologically as a problem, or increasing, or stabilizing or what?

Dr. PIERCE. I think there is some empirical evidence, and Howard Hjelm may have the study—I can't pull them out of the top of my head, frankly. But there is empirical evidence to suggest that young people now recognize that there is not necessarily a straight-line correlation between college degree and success, and that there are a lot of other factors that are associated with success, and that feeling that unless you went to college, you could not function in our society is breaking down with the young people. They are more pragmatic than their parents.

RESISTANCE TO VOCATIONAL EDUCATION

There is still a lot of parental resistance, I think, and probably societal resistance to vocational education. One of the mandates of the 1972 amendments is for this new deputyship to break that down, and to elevate vocational education.

Senator SCHWEIKER. Well, that was our objective. I was just wondering how we were doing.

Dr. PIERCE. Not very well, yet, but we are still working on it and we will continue to work at it because it is one of our prime responsibilities.

Dr. OTTINA. I wonder if I might expand the word, success, to satisfaction in life, and fulfillment rather than just economic success; because it seems to me, that is what has happened to young people.

Dr. PIERCE. Yes, definitely.

REVENUE SHARING

Senator SCHWEIKER. Now, under the administration's proposal for specialized revenue sharing, what will happen to programs such as consumer education, home-making education, which have been important programs, somewhat under-rated at times, I might say, but for people particularly whose only exposure to education may be some of the courses they get here in terms of then having to apply them in real life very quickly.

What kinds of safeguards or what kind of overview do we see in terms of these programs continuing, if we go to the specialized revenue sharing concept?

Dr. PIERCE. Well, my sense of the word is that those programs, if they are as good as we say they are, will continue, because the States will have to assess their own needs and decide where their priorities are.

I think one of the things that we have done in the past in our categorical funding, is to have assumed that the need in every State is the same, and that the need for consumer education, as you mentioned, may be as great in one State as the need for post-secondary education is in another.

Under the Better Schools Act, each State will now have, not only the opportunity but the responsibility of deciding what its own priorities are, and putting its own powers in those various programs. There is no safeguard that consumer education will be maintained at the same level. But there is a safeguard that the vocational education programs will be maintained at the same level, because vocational education is one of the five categories that was specifically earmarked; but the narrow categories within that have been removed to let the States determine where their needs are.

If I may, let me give you an example of what I think is appropriate. When I was working in the State of Michigan, when the Vocational Education Act of 1963 first came out, we spent well in excess of 50 percent of our funds on postsecondary vocational education because that was what our needs were at the moment.

As we began to address ourselves to those needs, we could then divert those funds into other areas, and so after some period of time, we saw a rather sharp reduction of efforts going into postsecondary and an increase in another area where we were able to respond to a particular need.

This legislation allows the States the flexibility to do that even more than we had at that time. I think it's highly appropriate for the State to decide where its own needs are, and where its own priorities lie.

SPECIAL REVENUE SHARING PITFALLS

Senator **Schweiker**. One of the problems that I foresee in special revenue sharing in this area is that if it comes to a matter of funding; and they have to make a decision about whether, say, to broaden the tax base to pay for a program like this, or simply cut this program out and use this money to buy more school buses, or use this money to do something that's, say, bread-and-butter; the result locally, from my observation, is that it will in essence not go and give the added service, but it will simply take the recourse of putting it in, the bread-and-butter thing, and cut the other things out.

And I think this is one of the real pitfalls of special revenue sharing. And I am not really convinced that it is a matter of need. I think it's a matter of expediency. It's obvious in local situations, it's very difficult to right what national objectives and national criteria ought to be.

I'm just not sold the theory will work the way that it should, in terms of some of our high need programs.

Dr. **Pierce**. I'm sure we all share some degree of concern over any kind of new program, and we are not sure it's going to work the way it theoretically ought to. One safeguard, however, against the so-called bread-and-butter programs, that you mentioned, is that only 30 percent of the vocational education categorical money can be transferred out of vocational education. So at least 70 percent of the funds have to be maintained in vocational education.

I think the other point that needs to be made is that historically——

Dr. **Ottina**. Excuse me.

And then they can only be transferred to other national priorities like handicapped and disadvantaged.

Dr. PIERCE. And you can also transfer into vocational education, and that's the other side of the coin, that's taking the more optomistic view; that rather than transfer moneys out, the priorities of the State would be such that they would indeed transfer money in.

The other thing that needs to be pointed out, I think, Mr. Chairman, is that historically the States and local governments have not only, utilized the Federal funds in a catalytic way in vocational education, but have added to them. Right now, the States and local agencies contributed something in the neighborhood of $4.70 for every dollar of Federal money.

So the Federal money keeps the program going, but it isn't the whole program. And obviously, they have already made some rather heavy commitments to vocational education. I have no reason to believe that those vocational commitments won't continue. They simply have more flexibility now as to how they use the Federal money.

PROBLEMS IN PHILADELPHIA

Senator SCHWEIKER. But you come to a school system like Philadelphia, and we have been having quite a problem there financially. They're talking of shutting the schools down a month or two early just to make the budget balance. And they don't have the money that they need for the vocational education now that they would like.

As the constriction becomes worse, I can see more and more of these programs going down the drain particularly if the Federal support is shut off, and it's allegedly down locally, because the dynamics of the economic need is so high and so intense, that they are just going to cut everything in sight short of what the law minimally provides. And that is exactly what is going to happen in Philadelphia.

And I'm afraid there may be other cities, too, where that will happen. So all of these things that are good and are ongoing will not be measured on that, they will just be measured about the basic economic crisis confronting our urban schools.

How do you answer that with special revenue sharing?

Dr. PIERCE. I'm not sure special revenue sharing was designed to answer that problem.

Mr. MILLER. I guess I'm not too clear on what your concern is, because unlike general revenue sharing, all the funds will have to be used for education, and they will have to be used in certain categories. And I'm not sure how they would be misused or diverted to other purposes, because of the particular fiscal crisis, you describe. Whether they are allotted to Pennsylvania and then to Philadelphia as in title I, and as vocational education or whether they are allotted under the Better Schools Act, where you have to use a certain amount under each category, does not seem to me to exacerbate the fiscal crisis.

Senator SCHWEIKER. Well, under the categorical programs, they had to use it very specifically for those categorical programs, which have been in law and in effect; so when you relieve that responsibility, you give the flexibility of meeting the fire crisis at hand.

Mr. MILLER. There are five categories under the Better Schools Act, and they can't use it for any purposes other than those five categories. Now, they may switch between the five, but each of those five still is directed toward the same kind of purpose that the funds always have been. And I can't see how they would get into some bread-and-butter area that would relate to the fiscal crisis.

Perhaps I am missing a problem here.

John, am I?

Dr. OTTINA. Well, the only area that could be the bread-and-butter area, could be the supportive category area which has many purposes. But all of the national priority areas, like handicapped and vocational education and disadvantaged, are constrained in much the same purposes. They are just not further subdivided into five, six, or seven subcategories within that purpose.

But the money would have to be used for vocational education.

Senator SCHWEIKER. Well, except, are they assured that they are going to get in toto as much money as they had under the other setup?

Dr. OTTINA. The formula we are proposing in the Better Schools Act, and at the funding level that is talked about in this budget request, would provide nationally almost the identical number of millions of dollars for vocational education as is presently being provided in the comparable programs in 1972–73.

Senator SCHWEIKER. Now, you aren't providing that in impacted aid. You're way below that. You take Philadelphia—Philadelphia has a Navy hospital, the Navy base, the Franklin Arsenal. I am thankful we have them, and they haven't been closed down.

But by the same token, we are going to have to make up one hell of a deficit from all of those Federal installations. We are not going to get it out of this, because this isn't going to be enough.

Now, that's going to have to come out of something and somewhere.

Dr. OTTINA. I do say vocational education only. [General laughter.]

Senator SCHWEIKER. But my point is this, that they're going to have to use whatever they can, whatever leeway they can to fill the gap that we are taking from them on the one hand, and giving to them on the other. And they are going to be short changed in terms of impacted aid alone.

IMPACT AID

In impacted aid, in an area like Philadelphia, which has a big Federal establishment is going to meet a terrific handicap. So then they've got to go back just to supply what I call the bread-and-butter stuff. They can't give a lot of the finer points of vocational education or of handicapped, because they are just going to have to be the bread-and butter getting a teacher kind of thing.

They won't have the money to do it with the impacted aid knocked out of there. So that's one of the areas that I foresee a problem in, and it's not because it's impacted aid, it's just because that's been a big source of revenue for that district. And when you take it away from them and don't give them a comparable dollar value in return, then you're going to have a serious problem in terms of an urban city like Philadelphia and some of the others that have big installations. And so they are going to rob Peter to pay Paul.

And my experience is that vocational education, consumer education; a lot of those things are the first to go. I know the mayor at one point wiped out all of the sports programs, every single one as a way of meeting his budget. And that created such an uproar, that he quickly reinstated it.

But my point is that that's the kind of panic situation you have in Philadelphia. You know, we don't have as many home economic fans as we do football fans. [General laughter.]

Now, maybe you call that need, you see. I just wonder what kind of need we are talking about. Obviously, I like to watch the football games, too, and that's why it got reinstated.

So, well, we have a very serious problem in our urban schools, and I realize it doesn't really impact on the vocational area except that, in my judgment, much of your problem of fitting job skills to unemployment in the big cities could be improved if we had more money and more aid and more program in the vocational field to do the job, which obviously, I don't expect to hear disagreements from you on that point.

ADVISORY COUNCILS

Another question on the National Advisory Council, your justification indicates that the National Advisory Councils will be absorbed in revenue sharing, but we have had people express concern saying that HEW has no intention of continuing these councils.

What is the position of HEW on this matter, and where does it stand?

Dr. **Pierce**. Under the mode of special revenue sharing, given the fact that the Better Schools Act and the fact that the moneys would indeed go to the States, there's a question of what advisory council, what kind of advice does the U.S. Office of Education need, and from what kinds of people.

The State Advisory Councils are indeed provided for in the Better Schools Act and the funds are there to maintain those State Advisory Councils. The Commissioner of Education is now looking at the need for a number of advisory councils under the Better Schools Act to see if it is more appropriate to restructure his whole advisory council system under that act with a different kind of mission.

Now, the responsibility of the Office of Education—maybe Dr. Ottina would like to speak further on that, since there is no provision at the moment for the maintenance of that advisory council as a specific entity.

Dr. **Ottina**. Related to the Vocational Education Act?

Dr. **Pierce**. Right.

Dr. **Ottina**. We would attempt to construct a new advisory council to deal with the Better Schools Act.

STAFFING

Senator **Schweiker**. Under your revenue sharing proposals, how many positions do you have now in your current budget, and under revenue sharing, how many would this drop to, because of the fact that your administrative cost and burdens are no longer here, but are back in the State and school district areas?

Dr. **Price**. We now have 167 on board in this Bureau of Occupational and Adult Education. Under the Better Schools Act proposal, we would have 150 remaining, with only a loss then of 17 people as we look toward a different kind of activity in this Bureau.

And that's also involved with some decentralization of our program that is now being administered at the regional level.

Dr. OTTINA. Mr. Chairman, if I might just add what the total composite picture is, to fill in. In the programs that we are proposing to become part of the Better Schools Act or the educational revenue sharing proposal, we have about 439 people associated with those programs; with the enactment of this proposed legislation, we would believe that 112 would be sufficient to fulfill our responsibilities.

Senator SCHWEIKER. 439 to 112?

Dr. OTTINA. Yes, sir.

Senator SCHWEIKER. And that is which group?

Dr. OTTINA. It is all of the programs that are associated and proposed to become part of the Better Schools Act. So, it would be title I, Vocational Education, all of the programs included in the Better Schools Act. I was just trying to give you the composite.

Senator SCHWEIKER. Now, that's a little different than that picture of just decreasing 17 slots here. I'm a little bit confused why.

Dr. OTTINA. The 17 are part of the number that I gave, but there are a lot of other places that we will be making similar reductions to get to the number that I gave you.

Mr. MILLER. Isn't one of the reasons that the drop in this area is less sharp than in the other areas that are affected by the Better Schools Act due to the fact that the Education Amendments of 1972 required the staffing of a new Bureau of Occupational and Adult Education, which required a new structure? Thus, we had some increases as well as a net decrease.

Dr. OTTINA. That's partially true, but the rest of the answer is that there are many people who are in the regions now administering vocational education and adult education programs, which are not counted in the total that Mr. Pierce gave you in the 167 number, which would be affected in my count.

ADULT BASIC EDUCATION IN NEW HAMPSHIRE

Senator SCHWEIKER. I would like to insert in the record at this point, at the request of Senator Cotton of New Hampshire, "Adult Basic Education Is Changing People's Lives in New Hampshire."

[The information follows:]

ADULT BASIC EDUCATION

IS

CHANGING PEOPLE'S LIVES IN NEW HAMPSHIRE

QUOTE: Education, if it is to mean anything, must teach us how to live.
Horace Mann

* *

Over 6500 undereducated adults have enrolled in our statewide A.B.E. Program - since its inception in 1966 - and received help in improving their life styles. Outlined below is a cumulative summary of accomplishments - in meaningful human terms - as reported to us by about 35 A.B.E. Learning Centers in their annual reports.

98	Obtained Grade 8 diploma through A.B.E. studies.
104	Enrolled in high school diploma program after completing A.B.E. Program.
587	Went on from A.B.E. and passed General Education Development (G.E.D.) Test.
12	Graduated from high school after starting in A.B.E. program.
215	Enrolled in other education or training program - such as college, business school, technical institute, correspondence course, manpower training program, etc., - as a result of experience and motivation gained in A.B.E. program.
63	Were removed from public assistance (welfare) rolls, partly as a result of A.B.E. experience.
212	Obtained job as a result of A.B.E. participation.
294	Changed to or were upgraded to a better job as a result of involvement in A.B.E. program.
209	Registered to vote for the first time.
131	Received United States citizenship.
64	Qualified for driving license.
244	Received training in completing income tax forms.
767	Foreign-born adults who learned to speak English.
396	Are doing their own shopping on a regular basis for the first time.
308	Former illiterates who learned to read.
919	Enrollees who recruited other undereducated adults into the A.B.E. classrooms.

646	Are writing their own letters for the first time.
1061	Are first time buyers of newspapers, magazines, etc., and/or new borrowers of books from libraries.
1430	Are deriving more meaning and enjoyment from movies, radio, television, etc., because of newly acquired proficiency of English language.
288	Opened their first savings and/or checking account.
476	Are keeping a family budget for the first time.
683	Reported they are now shopping around for best values in food, clothing, household goods, etc.
871	Are now better prepared to help their children with school lessons.
1243	Feel more competent and comfortable when filling out application forms of various sorts.
1031	Have gained more confidence in themselves and are conversing more freely at public meetings and in social situations.

JUSTIFICATION

Senator **SCHWEIKER**. The justifications for the budget request will be inserted in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

For carrying out, to the extent not otherwise provided, [section 102(b) ($29,808,000), parts B and C ($449,682,000), D, F ($38,322,000), G ($24,500,000), H ($10,524,000), and I of the Vocational Education Act of 1963, as amended (20 U.S.C. 1241-1391), and][1] *the Cooperative Research Act and section 309 of*[2] the Adult Education Act of 1966, [(20 U.S.C. ch. 30) ($75,000,000), $659,162,000, including $20,000,000 for exemplary programs under part D of said 1963 Act of which 50 per centum shall remain available until expended and 50 per centum shall remain available through June 30, 1974, and not to exceed $23,000,000 for research and training under part C of said 1963 Act: *Provided*, That grants to each State under the Adult Education Act shall not be less than grants made to such State agencies in fiscal year 1971: *Provided further*, That grants to each State under the Vocational Education Act shall not be less than grants made to such States in fiscal year 1972][3] *$45,000,000.*

Explanation of Language Changes

1. Under legislation to be proposed by the Administration, Federal support for vocational education will be continued as part of Special Education Revenue Sharing. Therefore, references to existing categorical authorities are deleted.

2. The Cooperative Research Act authority is cited to carry out the discretionary portions of the present State innovation and vocational research programs, and the curriculum development program. The existing authorities for these programs would be repealed as part of Special Education Revenue Sharing, which will absorb the State-administered portions of these activities. Section 309 authorizes adult education special project and teacher training activities transferred to this account from the appropriation for Educational development.

3. Reference to the Vocational Education Act has again been deleted due to reasons stated under footnote 1. Grants to States under the Adult Education Act will also be absorbed by the Special Education Refenue Sharing proposal.

Amounts Available for Obligation

	1973 Revised	1974
Appropriation (Annual)	$540,127,000	$ 45,000,000
Appropriation (Permanent)	7,161,455	---
Comparative transfer from:		
"Educational development"	10,000,000	---
Subtotal, budget authority	557,288,455	45,000,000
Unobligated balance, start of year	5,741,917	---
Total, obligations	563,030,372	45,000,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Grants to States for vocational education programs:			
192	(a) Basic vocational education programs:			
	(1) Annual....................	$376,682,000	$ ---	$-376,682,000
	(2) Permanent.................	7,161,455	---	-7,161,455
	(3) National advisory council.	330,000	---	-330,000
	Subtotal..............	384,173,455	---	-384,173,455
194	(b) Programs for students with special needs...............	20,000,000	---	-20,000,000
195	(c) Consumer and homemaking education........................	25,625,000	---	-25,625,000
196	(d) Work-study....................	6,000,000	---	-6,000,000
197	(e) Cooperative education.........	19,500,000	---	-19,500,000
198	(f) State advisory councils.......	2,690,000	---	-2,690,000
	Subtotal..............	457,988,455	---	-457,988,455
	Vocational research:			
199	(a) Innovation....................	21,741,917	8,000,000	-13,741,917
202	(b) Curriculum development........	4,000,000	4,000,000	---
204	(c) Research......................	18,000,000	9,000,000	-9,000,000
	Subtotal..............	43,741,917	21,000,000	-22,741,917
206	Career education.................	---	14,000,000	+14,000,000
	Adult education:			
207	(a) Grants to States.............	51,300,000	---	-51,300,000
208	(b) Special projects.............	7,000,000	7,000,000	---
209	(c) Teacher training.............	3,000,000	3,000,000	---
	Subtotal.............	61,300,000	10,000,000	-51,300,000
Total obligations......................		563,030,372	45,000,000	-518,030,372

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other services........................	$ 1,491,000	$ 10,295,000	$ +802,000
Grants, subsidies, and contributions..	561,539,372	34,705,000	-518,832,372
Total obligations by object.........	563,030,372	45,000,000	-518,030,372

Summary of Changes

1973 Estimated obligations	$563,030,372
1974 Estimated obligations	45,000,000
Net change	-518,030,372

	Base	Change from Base
Increases:		
A. Program:		
1. Career education	$ ---	$ 14,000,000
Total, increases	---	14,000,000
Decreases:		
A. Program:		
1. Grants to States for vocational education programs:		
(a) Basic vocational education programs:		
(1) Annual	376,682,000	-376,682,000
(2) Permanent	7,161,455	-7,161,455
(3) National advisory council	330,000	-330,000
Subtotal	384,173,455	-384,173,455
(b) Programs for students with special needs	20,000,000	-20,000,000
(c) Consumer and homemaking education	25,625,000	-25,625,000
(d) Work-study	6,000,000	-6,000,000
(e) Cooperative education	19,500,000	-19,500,000
(f) State advisory councils	2,690,000	-2,690,000
Subtotal	457,988,455	-457,988,455
2. Vocational research:		
(a) Innovation	21,741,917	-13,741,917
(b) Curriculum development	4,000,000	---
(c) Research	18,000,000	-9,000,000
Subtotal	43,741,917	-22,741,917
3. Adult education:		
(a) Grants to States	51,300,000	-51,300,000
(b) Special projects	7,000,000	---
(c) Teacher training	3,000,000	---
Subtotal	61,300,000	-51,300,000
Total, decreases	---	-532,030,372
Total, net change	---	-518,030,372

Explanation of Changes

Increases:

The increase of $14,000,000 will provide for the initiation of a small number of career education installation-demonstration projects.

Decreases:

Decreases are shown in the amount of $532,030,372. Continuing Federal interest in vocational education will be reflected under the special education revenue sharing proposal. Although the request for the discretionary portion of Innovation remains the same, obligations will be reduced by $5,741,917, the amount of carry-over funds from prior years available in fiscal year 1973.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Adult Education Act:		
Section 309 -- Special experimental demonstration projects and teacher training..........	$ 1/	$ 10,000,000
Cooperative Research Act.........................	68,000,000	35,000,000 2/

1/ Authorization expires June 30, 1973; extension legislation is proposed.
2/ An additional $29,900,000 is requested under this authority in the Educational Development appropriation account.

COOPERATIVE RESEARCH ACT

> Sec.2. (a)(1). In order to assist the Commissioner in carrying out the purpose and duties of the Office of Education, the Commissioner is authorized, during the period beginning July 1, 1972, and ending June 30, 1976, to make grants to, and contracts with, public and private institutions, agencies, and organizations for the dissemination of information, for surveys, for exemplary projects in the field of education, and for the conduct of studies related to the management of the Office of Education, except that no such grant may be made to a private agency, organization, or institution other than a nonprofit one.
>
> Sec.3. There are authorized to be appropriated for the purposes of section 2, $58,000,000 for the fiscal year ending June 30, 1973, $68,000,000 for the fiscal year ending June 30, 1974, and $78,000,000 for the fiscal year ending June 30, 1975.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer from:		
Educational development	$ 10,000,000	Adult education teacher training and special projects programs were transferred from the appropriation Educational development. This transfer was made since these programs are administered in the Bureau of Occupational and Adult Education.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 49,756,000	$ 49,756,000	$ 49,756,000	$ 49,756,000
1965	173,296,000	173,296,000	173,296,000	191,908,000[1]
1966	252,491,000	227,491,000	252,491,000	272,180,000[1]
1967	237,491,000	280,241,000	291,691,000	297,416,000
1968	320,600,000	303,100,000	303,100,000	310,406,000[2]
1969	315,000,000	304,766,000	304,766,000	304,591,000
1970	327,316,000	538,816,000	538,816,000	418,146,000
1971	439,046,000	489,546,000	493,456,000	493,296,000
1972	468,012,000	557,142,000	601,512,000	568,127,000
1973	566,127,000			
1973 Budget Amendment	-16,000,000			
1974	45,000,000			

[1] Appropriated amount includes adult education which was transferred from the Office of Economic Opportunity.

[2] Appropriated amount includes work-study which was transferred from the Office of Economic Opportunity.

NOTE: Amounts for 1964 through 1973 reflect comparability with the 1974 estimate.

Justification

	1973 Estimate	1974 Estimate	Increase or Decrease
1. Grants to States for vocational education:			
(a) Basic vocational education programs	$384,173,455	$ ---	$-384,173,455
(b) Programs for students with special needs	20,000,000	---	- 20,000,000
(c) Consumer and homemaking	25,625,000	---	- 25,625,000
(d) Work study	6,000,000	---	- 6,000,000
(e) Cooperative education	19,500,000	---	- 19,500,000
(f) State advisory councils	2,690,000	---	- 2,690,000
2. Vocational research:			
(a) Innovation	21,741,917	8,000,000	- 13,741,917
(b) Curriculum development	4,000,000	4,000,000	---
(c) Research - Grants to States	18,000,000	9,000,000	- 9,000,000
3. Career education	---	14,000,000	+ 14,000,000
4. Adult education:			
(a) Grants to States	51,300,000	---	- 51,300,000
(b) Special projects	7,000,000	7,000,000	---
(c) Teacher Training	3,000,000	3,000,000	---
Total	563,030,372	45,000,000	-518,030,372

General Statement

Beginning in fiscal year 1974, the State grant programs previously funded under the vocational and adult authorities will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress. Under special education revenue sharing, States and localities will have greater flexibility in the use of education funds and will be able to continue projects and programs such as those previously budgeted for separately under this appropriation.

Support for fiscal year 1974, in the amount of $45,000,000 for adult education special projects and teacher training activities, vocational education curriculum development, career education, and the Commissioner's discretionary portion of the vocational innovation and research programs will remain under this appropriation.

A total of $14,000,000 is programmed for demonstrating the effectiveness of career education. The requests for the discretionary parts of the vocational research and innovation programs, curriculum development and adult education special projects and teacher training activities, totaling $31,000,000, also reflect various aspects of the career education effort. Career education stresses the importance of being able to re-enter education for additional training at different points in a person's life. These efforts will undergird career education activities included in other Office of Education programs as well as programs in the National Institute of Education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Basic vocational education programs:			
Annual............................	$376,682,000	---	$ -376,682,000
Permanent.........................	7,161,455	---	- 7,161,455
National advisory council..........	330,000	---	- 330,000
Total............................	$384,173,455	---	-384,173,455

Narrative

Part B of the Vocational Education Act of 1963, as amended, authorizes formula grants to the States to assist in maintaining, extending, and improving existing vocational education programs and in developing new programs for persons of all ages with the objective of insuring that education and training for career vocations are available to all individuals who desire and need such education and training for gainful employment. Funds may be used for: State and local administrative personnel, institutional support, counselors, training of teachers, construction of facilities, purchase of training materials and equipment, development of curricula, research, and evaluation. Funds are also made available for the support of a National Advisory Council.

Accomplishments in fiscal years 1972/1973

Stress was placed on career education and the adult education phases of vocational and technical education. Efforts were expanded to meet the needs of the disadvantaged and handicapped with emphasis on paraprofessional training. An estimated 8,062,000 students were enrolled in basic vocational education programs in 1972 with secondary enrollments reaching 4,477,000; post-secondary at 1,185,000; and 2,400,000 adults benefitting. A total of 304 new or remodeled construction projects were initiated. An estimated 8,808,000 students were enrolled in basic vocational education programs in 1973, with secondary enrollments reaching 4,808,000; post-secondary at 1,450,000; and 2,550,000 adults benefitting. Secondary enrollments made the most significant growth with an enrollment of 3,829,000 regular, 800,000 disadvantaged and 179,000 handicapped students. Post-secondary enrollments included 1,210,000 regular, 155,000 disadvantaged, and 85,000 handicapped students. Growth was credited to expanded resources, many new facilities and the promotional programs sponsored by the National Industrial Conference Board, the Advertising Council and the Office of Education emphasis on new careers. Adult programs reached an estimated enrollment of 2,373,000 regular, 135,000 disadvantaged and 42,000 handicapped students. Three hundred and four remodeled and new institutions will be completed or constructed across the country. The Appalachian Regional Commission (ARC), in cooperation with State Vocational and Technical Education programs, initiated 100 of these projects. The ARC also contributed to the support of 50 demonstration and operation grants in vocational education.

Plans for fiscal year 1974:

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress.

Program Statistical Data:

	1972 Actual	1973 Estimate
Student enrollments		
Basic vocational education programs:		
Secondary	$ 4,477,000	$ 4,808,000
Postsecondary	1,185,000	1,450,000
Adult	2,400,000	2,550,000
Special programs included above for:		
(Disadvantaged students)	(988,000)	(1,090,000)
(Handicapped students)	(265,000)	(306,000)

	1973 Estimate	1974 Estimate	Increase or Decrease
Programs for students with special needs	$ 20,000,000	$ ---	$-20,000,000

Narrative

Section 102(b) of the Vocational Education Act of 1963, as amended, provides support for programs and services for persons who are not able to succeed in regular vocational programs because of poor academic background, lack of motivation and depressing environmental factors. Programs are concentrated within the State in areas where there is high youth unemployment and school dropouts. Special services and programs are provided these disadvantaged students to encourage them to stay in school and to acquire the academic and occupational skills needed for successful employment when they leave school or to pursue their career preparation. These funds are in addition to at least 15 percent of each State's allotment of funds available under the Basic Grants to States provided under Section 102(a) of the Act which must be used for this same purpose. Provision of this funding provides the greatest flexibility of operation in serving specialized target groups at the discretion of the States. All persons served through this program are considered to be persons with special needs.

Accomplishments in fiscal years 1972/1973

An estimated 217,000 students were reached in fiscal year 1972 and 1973, a substantial increase over the projected enrollment for this period. More efficient reporting has resulted in a more accurate count of students actually served. Emphasis is being placed on serving each individual student requiring special assistance to overcome handicaps. Efforts are being made to integrate these students into the regular vocational education programs. Staff training workshops and institutes help to sensitize all faculty to the special problems of students which are caused by socioeconomic, cultural, and environmental factors.

Very significant coordinated efforts have been made with other educational and social agency resources to provide, as complete as possible, the total supportive services which a student might need in his vocational education programs such as remedial work, individual scheduling, medical attention, and special counseling.

These funds were concentrated in areas of the States where it was difficult to get local matching or where State institutions were involved, State correctional institutions jointly planned and implemented courses for the inmates. Economically depressed communities, where the students were academically deficient, were enabled to provide much needed occupational training. Mobile units were purchased by the States and sent to both rural and urban areas for short-term intensive skill development programs.

Plans for fiscal year 1974:

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Consumer and homemaking education......................	$ 25,625,000	$ ---	$-25,625,000

Narrative

Part F of the Vocational Education Act of 1963, as amended, provides grants to States to assist in the establishment of an educational program designed to meet the needs of families in economically depressed areas or areas of high unemployment. Emphasis is placed on programs that aid the consumer in his relationship with the marketplace and programs dealing with the concept of credit, including how to understand contracts, warranties, or guarantees; how to use Federally donated foods or buying with food stamps; and the use of supermarkets, credit unions, and banks. Youth in secondary schools, young adults in postsecondary schools, and older adults, including the elderly, throughout the Nation are served with these programs.

States must use at least one-third of the Federal funds allotted in economically depressed areas or areas with high rates of unemployment.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, an estimated 3,320,000 youth and adults were enrolled in consumer and homemaking education programs.

Total enrollment in fiscal year 1973 totalled 3,435,000. There has been an increase of about 50 percent in consumer and homemaking enrollment since the legislation was passed in 1968. In fiscal year 1973 alone, over 500,000 youth gained leadership skills and enriched learnings through membership in the Future Homemakers of America. Post-secondary enrollments increased from 292 to about 35,000 and the number of disadvantaged youth and adults in consumer and homemaking education classes increased from 18,500 to 800,000 over a three-year period. Many of the adults were older Americans with limited income. Many Indian, migrant, Spanish-American, inner-city, and hard-to-reach rural families have been served.

Teacher competencies in all States were improved through institutes, workshops, State and/or district conferences, and regional meetings sponsored by the Office of Education.

Plans for fiscal year 1974

In fiscal year 1974 this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Work-study.........................	$ 6,000,000	$ ---	$-6,000,000

Narrative

Part H of the Vocational Education Act of 1963, as amended, authorizes grants to States for work-study programs which are designed to assist economically disadvantaged full-time vocational education students, aged 15-20, to remain in school by providing part-time employment with public employers such as hospitals and State and local government agencies. States are required to give preference in funding to schools serving communities with large numbers of youth who have dropped out of school or are unemployed.

Accomplishments in fiscal years 1972/1973

The 1972 appropriation resulted in preventing 30,000 economically disadvantaged vocational education students from dropping out of school. In 1973, 33,000 vocational education students benefitted. There was increased emphasis to reach the economically disadvantaged student and further reduce the number of dropouts and to directly relate to the national goals of career education. A significant contribution to these goals was made by providing financial assistance to these disadvantaged persons while they were preparing for a marketable skill. Approximately 75 percent of the funds were expended in areas with high rates of school dropouts.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Cooperative education..................	$ 19,500,000	$ ---	$-19,500,000

Narrative

Part G of the Vocational Education Act of 1963, as amended, supports programs of cooperative education which involve arrangements between schools and employers, enabling students to receive part-time vocational education instruction in the school and on-the-job training through part-time employment. Priority is given to areas where there are high rates of student dropouts and youth unemployment. Students in most cases must be 16 years of age to participate and are paid by the employer, either a statutory minimum wage or a student-learner rate established by Department of Labor regulation. Federal support may cover program operation, including reaching and coordinating personnel, training costs to employers, payment for services or unusual costs to students resulting from their participation, and ancillary services, such as teacher education, supervision, curriculum materials, and evaluation.

Accomplishments in fiscal years 1972/1973:

Enrollment in fiscal year 1972 for cooperative education was 93,000. The fiscal year 1973 enrollment in cooperative education programs is 109,000. This represents an increase of 16,000 over the previous fiscal year. About 80 percent of the funds were estimated to have been expended in areas designated by the States as having high rates of school dropouts and youth unemployment. As one of the vehicles for implementing career education, cooperative vocational education programs continued to expand in specific fields of work, such as marketing and distribution, business and office occupations, and health occupations.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
State advisory councils.................	$ 2,690,000	$ ---	$ -2,690,000

Narrative

Section 104(b) of the Vocational Education Act of 1963 requires each State to establish a State Advisory Council in order for the State to receive a grant under Title I of the Act.

The State Councils advise the State Boards of Vocational Education on the development and administration of State plans and advise the State agency on occupational education; evaluate vocational education programs, services, and activities; publish and distribute the results of their evaluations; and prepare and submit an evaluation report on the vocational education programs carried out during the year.

Accomplishments in fiscal years 1972/1973

The State Advisory Councils from all 56 States and Territories submitted reports of evaluation efforts of State vocational education programs. The reports, in general, were positive about the record of the State in meeting the objectives of the State plans. All of the Advisory Councils made recommendations to improve the effectiveness of vocational education. The recommendations related to program and curriculum changes, data collection, training of personnel, funding changes, programs for the disadvantaged and handicapped, guidance and counseling, planning efforts, and career development programs.

Plans for fiscal year 1974

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Vocational research - Innovation:			
Budget authority..................	$16,000,000	$ 8,000,000	$ -8,000,000
Obligations.......................	21,741,917	8,000,000	-13,741,917

Narrative

This program provides grants to the States to stimulate and demonstrate new ways to create a bridge between school and earning a living for young people. Programs must be directed to the job preparation needs of those who end their education at or before completion of the secondary level,or who are in postsecondary vocational programs, and for exemplary and innovative programs or projects which are designed to broaden occupational aspirations and opportunities for youths, particularly disadvantaged youths, and to serve as models for use in vocational education programs.

Prior to fiscal year 1974, this program was funded under the authority of Part D of the Vocational Education Act with fifty percent of each State's allotment for use by the State agency and the remaining fifty percent reserved by the Commissioner for project grants and contracts. In fiscal year 1974, the fifty percent discretionary portion will remain in this appropriation under the authority of the Cooperative Research Act while the fifty percent State grant portion will be absorbed by the special education revenue sharing proposal.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972 funds were directed at implementing, in one demonstration site in each State, new techniques associated with the delivery of career education in grades K-14 which have proven to be successful in prior research and development efforts.

In addition, the Office of Education initiated a broad thrust in career education. One feature of this thrust is the School-Based Career Education Model. Most of the concepts in this model had their origin and initial testing in the experience gained during the early years of operation of the vocational exemplary projects. Five of the six school districts selected by the Office of Education for large-scale demonstration of the School-Based Career Education Model, now funded from National Institute of Education research funds, received initial program impetus from either State-administered or Federally-administered funds under Part D of the Vocational Education Act of 1968.

Fiscal year 1973 involved the initiation of a new three-year effort of vocational exemplary projects, directed toward the installation and demonstration of comprehensive career education models. These comprehensive career education models encompass grades K-14,involve unifying the entire school program around the career development theme, feature extensive community,industrial, and business involvement, make heavy use of cooperative education, and stress placement of students in either a job or further education.

During fiscal year 1973, 59 new three-year Federally-administered projects were initiated in the States and territories. There are seven States in which fiscal year 1973 funds were being used to support on-going projects. This new three-year cycle of demonstration activities beginning in fiscal year 1973 involved restructuring of all facets of the educational program toward career development in an articulated K-14 sequence. These efforts will facilitate major institutional reform in the public schools of the United States.

Several projects sponsored under the first three-year cycle will serve as examples:

The Riverton, Wyoming, exemplary project is operating a highly developed career awareness program at the elementray level which reaches all youngsters in the Riverton Public Schools. All teachers have been provided inservice training and are successfully implementing career development activities in their classrooms. At the junior high school, the home economics and industrial arts laboratories are being used to provide exploratory experiences and occupational information about careers. The World of Manufacturing and the World of Construction curricula are being offered. Each ninth grade student is enrolled in a career orientation course. At the senior high school, five completely individualized vocational programs have been implemented. Since each program is individualized, it can accommodate students who are interested in vocational training and those who want additional career exploration prior to entering college. Secondary vocational programs are articulated with programs at Central Wyoming College to provide an individualized sequential grades 10-14 vocational program adapted to each student's interests and career needs.

The Exemplary Project in Louisiana provides career education in grades K-12 in a Model Cities area of the city with a high concentration of disadvantage students. At the elementary level, pupils are provided information about the world of work through their basic curriculums. The middle school program provides specific exploratory courses as well as career information in the academic subjects. At this level over-age students and potential dropouts are identified and provided special courses to help them develop skills in one or more occupational areas. Academic subjects are related to their programs, and the students are involved in intensive guidance and counseling. The senior high school curriculum offerings have been extended to include new occupations and to reach more students. Out-of-school youths are provided the opportunity to enroll in evening vocational education courses operated in cooperation with the Model Cities administration, and they receive intensive guidance and placement services. In summary, this is a comprehensive program affecting all levels of the educational system and attempting to implement proven approaches that help disadvantaged students to succeed in and out of school.

California has a project which focuses on cooperative education for community colleges. The program, Community College Vocational Cooperative Education, is in its third year of operation and is being conducted in five community colleges with coordination being provided by the San Mateo College District. Approximately 4,000 students were enrolled in the cooperative program during the Spring semester of 1972. These plans provide work experience related to college studies and career goals. Alternate semester arrangements allow two students to hold one full-time work station on a year-round basis. The parallel plan allows students to hold part-time jobs with appropriate community college class loads. An evening college new career plan makes special arrangements for students to study programs related to their career goals while being employed on a full-time basis.

One important feature of the California project is its emphasis in providing opportunities in the social services as well as in business and industry. Work stations in municipalities, schools, and social agencies appear in the roster of the college. Work stations in landscape and park design, probation assistant, nursery school aide, and administrative assistant provide imaginative expansion to the previously considered "world of work." Minority students and special programs have also research attention. Change in attitude of minorities toward vocational education is a significant factor. With the rise in status of the "co-op" program and its acceptance by the academic areas of the colleges, it is no longer of a lower status and is being sought by minorities in increasing numbers. An additional positive element has been the willingness of employers to hire minority employees. The co-op program has encouraged a number of women to enter new careers and to return to the world of work after raising a family. It has helped to remove some of the existing limitations in their employment and to increase their self-esteem. It is evident that the project is moving consistently and effectively toward the originally-stated objective to develop a comprehensive model for vocational cooperative education in community colleges.

Plans for fiscal year 1974

In fiscal year 1974, the comprehensive career education model projects initiated in 1973 will be in full operation, and attention will be devoted to incorporating into these projects the experience and materials which will be emerging at an increasing rate from the vocational curriculum development efforts from NIE's large-scale school-based career education model, and from other State and Federal research and development efforts in career education. The further development and improvement of these model projects during their second year of operation will require $8,000,000.

The goal is to convert the results of research and development work into actual operational programs in local school districts through the support of exemplary projects in each State. This program relates to the long-range objectives of designing, developing, implementing and demonstrating effective programs for comprehensive career education. It is necessary that the components be assembled, linked into an articulated K-14 system, and brought into actual operation on a demonstration basis in selected school districts in each State, in order to facilitate the diffusion of comprehensive career education programs. There is, therefore, a very close and critical relationship between vocational exemplary programs and the Office of Education's long-range objectives in the career education field.

The $8,000,000 decrease in this program is the amount that is now spent at the States' discretion. In 1974, this amount is being folded into Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
Vocational Research:			
Curriculum Development (Cooperative Research Act).....	$ 4,000,000	$ 4,000,000	$ ---

Narrative

The curriculum development program provides for the development, testing, and dissemination of vocational education curriculum materials for use in teaching occupational subjects, including curriculums for new and changing occupational fields and vocational teacher education. It further provides for: developing standards for curriculum development in all occupational fields; coordinating the efforts of the States with respect to curriculum development and management; surveying curriculum materials produced by other agencies; evaluating vocational-technical education curriculum materials; and training personnel in curriculum development. In fiscal year 1974, this program will be carried out under the authority of the Cooperative Research Act.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, thirty-one projects for curriculum development, coordination, and management were awarded. Seven projects were concerned with curriculum management. Of these, five were directed toward reorienting State curriculum laboratories toward career education and improving their capabilities as curriculum management centers. One project developed a model for acquisition and selection of career education instructional materials and another project was concerned with the training of curriculum development personnel through regional institutes.

Five projects determined the bases for curriculum decisions in vocational-technical education with emphasis on industrial arts and distributive education along with career education for those in correctional institutions and for American Indians.

Eight projects developed occupational education curricula in the areas of agri-business, natural resources, and environmental protection; child care and development; business ownership for the pre-vocational and exploratory level; concrete technology; electro-mechanical technology; bio-medical technology; teacher preparation for the metric system; and recreation and tourism.

Two projects were concerned with the development of career education curricula for grades K-6 and 7-9 and one career awareness project was supported for 3 to 6 years old through a children's TV program. A supporting grant dealt with the objectives, content and evaluation of the TV effort. Another project developed curricula for improving the employability skills of disadvantaged adults.

Four projects were supported for groups with special needs. The needs of Spanish-surnamed populations, American Indians, other disadvantaged groups, the gifted and talented, and students in a college preparatory high school were emphasized. One project was supported in the area of consumer education for the development of curricula. Another project determined the impact of State legislation on the development of consumer education programs.

In fiscal year 1973, a total of twenty-four projects were funded concerned with the following major priority areas: occupational preparation in the selected occupational clusters of distribution, business, and allied health; home-based instruction for blue-collar workers; and State and regional coordination of curriculum. Awards were made to continue curriculum development in transportation, manufacturing construction, communications and media, and public services.

Plans for fiscal year 1974

The major objectives of the curriculum development program in fiscal year 1974 are (a) the development of curricula and instructional materials for students and teachers in specific occupational clusters, (b) the development of curricula for new careers at the postsecondary level in technical education, (c) the development of home-based television programs for blue-collar workers, and (d) the support of creative projects of national significance that are submitted from the field.

Approximately, one and a half million dollars will be allocated to fund six projects to develop curricula and materials for students and teachers directed toward the development of specific occupations within an occupational cluster framework. Curricula will be developed in the personal services education area, in the industrial arts area as it relates to vocational and career education, and in the marine science area, and materials will be developed for teachers who work with gifted and talented students in a variety of occupational areas.

Approximately one million dollars will be allocated to fund four projects to support developing curricula and materials for new careers at the post-secondary level in technical education. Funding of the nuclear-medical, bio-medical equipment, and laser-optical postsecondary technical education curricula will be continued. New projects within one or more of the occupational clusters will be started.

Approximately one-half million dollars will be allocated to fund two projects to adapt and develop adult level materials for use with a home-based television series. These materials will be designed to train and upgrade the blue-collar worker's skills and knowledge for the world of work.

Approximately one million dollars will be allocated to support ten creative projects initiated from the field in five to ten areas of national significance and need. These creative projects will produce products that are on the cutting edge of curriculum research and development within the occupational clusters.

	1973 Estimate	1974 Estimate	Increase or Decrease
Vocational Research: Research (Cooperative Research Act).....	$18,000,000	$9,000,000	$-9,000,000

Narrative

This program authorizes grants and contracts for research in areas of vocational education; for training programs to familiarize personnel with research results and products; developmental, experimental, or pilot programs designed to meet the special vocational needs of youths, especially disadvantaged youths; and dissemination projects.

Prior to fiscal year 1974, this program was funded under the authority of Part C of the Vocational Education Act with fifty percent of each State's allotment for use by the State agency and the remaining fifty percent reserved by the Commissioner for project grants and contracts. In fiscal year 1974, the fifty percent discretionary portion will remain in this appropriation under the authority of the Cooperative Research Act while the fifty percent State grant portion will be absorbed by the special education revenue sharing proposal.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, funds enabled each State to establish a demonstration, testing, and development site for career education model programs. Each of these projects represented a concentrated and focused effort, involving a strong career guidance and counseling program and including components such as career awareness programs for elementary students, career exploration and orientation programs for junior high students, programs to provide a wide variety of job preparation opportunities for students in grades 10-14, and placement services to assist in placing all exiting students either into a job or further education.

In fiscal year 1973, funds enabled States to continue with the development, testing, and demonstration of career education model programs, to engage in adaptive curriculum development for tailoring to their own conditions the curriculum materials emerging from various Federal and State career education efforts, and to begin the diffusion of tested career education components to other school districts.

Plans for fiscal year 1974

The objectives for fiscal year 1974 include support of 94 projects which will focus efforts to undergird other vocational research programs as part of a total vocational research strategy, and to develop and test models. More specifically, the funds will be used in the following fashion:

> Approximately one million dollars will be used to support about 20 decision-oriented studies for needs assessment and feasibility in planning for new curriculums and demonstrations.
>
> Approximately two million dollars will be allocated to support about 40 projects to study the installation process in an effort to build a knowledge and information base concerning installation practices and to determine more efficient ways of building and operating comprehensive installation systems.
>
> Approximately one million dollars will be allocated to support about 20 applied research and decision-oriented studies to produce management, administration, and planning information needed in the broad area of vocational, occupational, and career education. This information is needed in order to improve the efficiency of the total field.
>
> Approximately two million dollars will be allocated to support the development and or modification and testing of about five comprehensive guidance, counseling, placement, and follow-up systems for vocational, occupational, and career education programs.
>
> Approximately one million dollars will be allocated to support the development or modification of four tested or automated and comprehensive management models for use in schools in order to substantially improve management information and the efficiency of management of vocational, occupational, and career education programs.
>
> Approximately two million dollars will be allocated to support the development and field testing of about five models for widespread installation of curriculum products and programs.

The $9,000,000 previously spent at the States' discretion will be folded into Special Education Revenue Sharing in fiscal year 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
Career Education Installation and Demonstration (Cooperative Research Act)......	---	$14,000,000	$+14,000,000

Narrative

The purpose of this activity is to install and demonstrate Career Education programs. The objective of Career Education is to successfully prepare all students to more effectively earn a living through: 1) making education more meaningful and relevant to the aspirations of students; 2) improving the basis for career choice; 3) increasing the options and choices individuals have among careers and the training avenues to them; and 4) facilitating the acquisition and transfer of occupational skills. Career Education seeks to make the entire curriculum more meaningful. It embraces all occupations and professions, both their respective technical skills and their associated knowledge and attitudes.

Plans for fiscal year 1974

During fiscal year 1974, there will be a small number of career education installation-demonstration projects initiated. These may range from State-wide demonstrations to smaller regional projects. The purpose of the projects will be to demonstrate the feasibility of implementing career education through different regional, governmental arrangements. These projects will build upon the base of knowledge coming from other career education activities in the Office of Education as well as the research and development efforts in the National Institute of Education. Plans for the installation effort will be developed, evaluated, and where merited, implemented with fiscal year 1974 funding. In addition, in coordination with the National Institute of Education, a dissemination strategy will be planned and implemented aimed at identifying, classifying, packaging, assessing, and distributing the effective and transportable elements of the installation-demonstration projects, other Office of Education career education projects, and the National Institute of Education model development projects.

	1973	1974	Increase or Decrease
Adult Education:			
(a) Grants to States............	$ 51,300,000	$ ---	$-51,300,000

Narrative

Grants are made to the States for the purpose of eliminating functional illiteracy among the Nation's adults by expanding educational opportunities and encouraging programs that will enable adults 16 years and older to continue their education to enable them to become more employable, productive, and responsible citizens. The program is directed toward the more than 69,000,000 adults, 16 years of age and older, who lack a twelfth grade level of education. The main objective is to provide programs which teach communication, computational, and social living skills to educationally disadvantaged adults and enable them to overcome the barriers to meaningful employment and social growth. Funds are also made available for the support of the National Advisory Committee on Adult Education.

Accomplishments in Fiscal Years 1972/1973:

About 691,000 adult students were enrolled in adult education programs throughout the country. Of these, 552,800 were in the priority age group of 18-44 with less than an eighth grade level of education. Approximately 103,740 of the total enrollment completed the eighth grade.

Plans for Fiscal Year 1974:

In fiscal year 1974, this activity will be absorbed by the new special education revenue sharing proposal to be submitted to the Congress.

	1973 Estimate	1974 Estimate	Increase or Decrease
Adult Education:			
Special Projects............	$ 7,000,000	$7,000,000	---
New grants.................	(4,600,000)	(4,600,000)	
Continuations.............	(2,400,000)	(2,400,000)	

Narrative

Section 309 of the Adult Education Act authorizes grants to local education agencies or other public or private nonprofit agencies, including educational television stations, for special demonstration projects which involve the use of innovative methods, systems, and materials in the development of adult education programs. These projects are designed to establish adult education models which will enable persons with less than a 12th grade level of education to become literate. Projects are carried out in cooperation with other Federal, federally assisted, State, or local programs. These projects should show unusual promise of having national significance in promoting a comprehensive or coordinated approach to the problems of persons with educational deficiencies.

The authorization for this program expires June 30, 1973. Legislation to extend authorization will be submitted. In the event the legislation is not enacted, funding for fiscal year 1974 is authorized by section 413(c) of the General Education Provisions Act.

Accomplishments in fiscal years 1972/1973

In fiscal year 1972, 58 projects were funded of which 22 were continuations. These projects were directed toward clientele with special needs (handicapped and culturally and geographically isolated) and designed to teach adult practical literacy skills; to meet practial goals through adult basic education instruction (Career Education); and to meet uniquely adult instructional needs (Right to Read and Model Cities).

Forty grants were awarded in fiscal year 1973, of which twelve were continuations. These projects are comprehensive efforts which address the following adult education needs and curriculum areas: Indian adult education models, exemplary programs for educationally disadvantaged parents, and adoption and diffusion of adult education information and materials.

Plans for fiscal year 1974

In fiscal year 1974, forty demonstration grants will be awarded which will be aimed at reducing adult illiteracy. These grants will provide for innovative communication and computational adult education models. Effective administrative practices and instructional techniques resulting from these grants will be incorporated into the State grant adult literacy program.

Twelve of the forty grants will continue efforts from fiscal year 1973 and will include dissemination and utilization delivery systems and the adult practical literacy project which will develop literacy definitions for utilization in standardized measuring instruments. The testing measurements and definitions will assist in the development of instructional materials written at a level to accommodate illiterate adults. The materials will be developed in the context of practical literacy skills required by our industrial society.

The 28 new projects will focus on the educational design, model testing in selected geographic areas, and the identification of curriculum components to determine maximum impact and services for illiterate adults, including innovative recruitment and retention techniques.

	1973 Estimate	1974 Estimate	Increase or Decrease
Adult Education:			
Teacher Training..................	$ 3,000,000	$ 3,000,000	---
New grants.....................	(500,000)	(500,000)	
Continuations..................	(2,500,000)	(2,500,000)	

Narrative

Section 309 of the Adult Education Act authorizes grants to institutions of higher education, State or local educational agencies, or other public or private nonprofit agencies to promote and coordinate the training of personnel who work or are preparing to work in adult education. The primary purpose of teacher training projects is to develop resources for increasing the scope and effectiveness of adult education as part of the States' adult education programs.

The authorization for this program expires June 30, 1973. Legislation to extend authorization will be submitted. In the event the legislation is not enacted, funding for fiscal year 1974 is authorized by section 413(c) of the General Education Provisions Act.

Accomplishments in fiscal years 1972/1973

After a three-year successful effort of funding a regional staff development model in Region IV, the same strategy was adopted in the other nine regions in fiscal year 1972. During this first phase of the staff development model, State agencies and institutions of higher education developed a plan to institutionalize an adult training system within each State to meet the personnel training needs of of the undereducated adults in those States. The plan included training designs for counselors, para-professionals, administrators, and volunteers. A regional training needs assessment was made in each State and a regional plan was agreed upon through cooperative arrangements among the various State agencies and the institutions of higher education. This plan included provision for supplemental funding after the system became operational.

Phase II of the regional staff development programs was funded in fiscal year 1973. During this second year of the project, the training designs were implemented. This involved the establishment of a graduate department of adult education at one or more universities in each State. Regional planning meetings were held at least quarterly to determine the extent that the training met the needs of the trainees and consequently increasing classroom performance and student achievement gains. Developing minority leadership personnel was an important component of the second phase of the staff development models.

During each fiscal year 1972 and 1973, six other national training institutes were funded. These institutes provided training for adult education personnel in planning and evaluation career-based adult basic education programs in correctional institutions, for Indian Tribal leadership, for programs to teach deaf adults, to assess national training needs and formulate priorities, to teach English as a second language, for training institutes for adult education future planners, for curriculum supervisors, and for a regional approach to diffusion and adoption of adult education information.

Plans for fiscal year 1974

Of the proposed $3,000,000 allocated for teacher training projects in fiscal year 1974, $2,500,000 has been earmarked for the final phase of Federal funding of the nine regional adult education staff development programs. During this phase, extensive effort will be devoted to evaluation of the training programs to assure that the training is responsive to State and local needs. In addition, plans will be made to develop financial arrangements between State governments and the sponsors of the training in order to institutionalize the system without Federal funds. It is expected that training opportunities will be offered to approximately 20,000 individuals through these regional staff development programs.

The $500,000 in new grants will support five national institutes in cooperation with participating institutions of higher education. These institutes will focus on meeting national training needs and will provide specialized personnel training for the regional models. Training opportunities will be available for approximately 450 individuals in national institutes.

Program Purpose and Accomplishments

Activity: Grants to States for vocational education

(a) Basic vocational education programs (VEA, Part B)

	1973	1974 Authorization	1974 Budget Estimate
Annual....	$376,682,000	$504,000,000	$ ---
Permanent.	7,161,455	7,161,455	---

Purpose: Authorizes grants to assist States in maintaining, extending, and improving existing vocational education programs and to develop new programs in vocational education.

Explanation: Matching grants are made to the States on a formula basis for vocational education programs, including the construction and remodeling of facilities. Forty percent of each State's allotment must be set-aside for specific purposes: (1) 15 percent for disadvantaged; (2) 10 percent for handicapped; and (3) 15 percent for post-secondary programs. State-wide matching is required on a dollar-for-dollar basis.

Accomplishments in 1973: An estimated 8,808,000 students were enrolled in basic vocational education programs in 1973 with secondary enrollments reaching 4,808,000; post-secondary at 1,450,000; and 2,550,000 adults benefitting. A total of 304 new or remodeled construction projects were initiated.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

Activity: Grants to States for vocational education

(b) Programs for students with special needs (VEA, Section 102(b))

1973	1974 Authorization	1974 Budget Estimate
$ 20,000,000	$ 60,000,000	$ ---

Purpose: Provides grant support for programs for persons who have academic, socio-economic, or other handicaps that prevent them from succeeding in the regular vocational education programs.

Explanation: Formula grants are made to the States based on population by age groups and per capita income. No matching is required.

Accomplishments in 1973: In fiscal year 1973, 167,000 disadvantaged students were provided special services to help them succeed in their career preparation.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

Activity: Grants to States for vocational education

(c) Consumer and homemaking education (VEA, Part F)

1973	1974 Authorization	1974 Budget Estimate
$ 25,625,000	$ 50,000,000	$ ---

Purpose: To meet the need of today's families, especially those in economically depressed areas. Emphasis is placed on programs that aid these people in their relationship with the marketplace; programs dealing with concepts of credit; how to understand contracts, warranties, or guarantees; use of Federally donated foods or buying with food stamps; the use of supermarkets, credit unions and banks.

Explanation: Formula grants are made to the States for programs in consumer and homemaking education. States must use at least one-third of the Federal funds allotted in economically depressed areas or areas with high rates of unemployment. Fifty percent matching is required except in economically depressed areas or areas with high rates of unemployment where matching is 90 percent Federal - 10 percent matching.

Accomplishments in 1973: In fiscal year 1973, an estimated 3,435,000 youth and adults were enrolled in consumer and homemaking education programs. This is an increase of 115,000 enrollees over the 1972 level.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

Activity: Grants to States for vocational education

(d) Work-study (VEA, Part H)

	1974	
1973	Authorization	Budget Estimate
$ 6,000,000	$ 55,000,000	$ ---

Purpose: Supports State projects that help young people ages 15-20 begin or continue vocational training by providing them with part-time employment to pay educational costs.

Explanation: Formula grants are made to the States for the development and administration of the program and for compensation of students by the local educational agency or other public agencies or institutions. Federal funds may be used to pay 80 percent of the States' expenditures.

Accomplishments in 1973: The 1973 appropriation resulted in preventing 33,000 economically disadvantaged vocational education students from dropping out of school.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

Activity: Grants to States for vocational education

(e) Cooperative education (VEA, Part G)

	1974	
1973	Authorization	Budget Estimate
$ 19,500,000	$ 75,000,000	$ ---

Purpose: Supports cooperative education programs which combine work experience with formal education. Funds are used for supervisory and other costs of instruction. Local school districts arrange with private industry or public agencies for employment related to student vocational objectives; employers pay wages equal to the value of work produced.

Explanation: Formula grants are made to the States for financial assistance for personnel to coordinate cooperative programs; to provide instruction related to work experience; to reimburse employers for certain costs; and to pay costs for certain services to students. No Federal funds are paid directly to the students for their work. Compensation due them for their period of on-the-job training is paid by the employer. Federal funds may be used for all or part of a State's expenditure for programs authorized and approved under this part.

Accomplishments in 1973: The fiscal year 1973 enrollment for cooperative education was 109,000. About 75 percent of the funds were expended in areas designated by the States as having high rates of school dropouts and youth unemployment.

Objectives for 1974: In 1974, this activity is being consolidated under the Special Education Revenue Sharing proposal.

Activity: Grants to States for vocational education

(f) State Advisory Councils (VEA, section 104(b))

1973	1974 Authorization	1974 Budget Estimate
$2,690,000	Indefinite	---

Purpose: To advise State Boards of Vocational Education on the administration of State plans; evaluate vocational education programs, services, and activities; and prepare and submit an evaluation report on the vocational education programs carried out during the year.

Explanation: Section 104(b) of the Vocational Education Act of 1963 requires each State to establish a State Advisory Council in order for the State to receive a grant under Title I of the Act. The State Councils must be established prior to the beginning of the fiscal year in which the State plans to participate in Federal vocational education programs.

Accomplishments in 1973: In fiscal year 1973, the State Advisory Councils from all 56 States and territories submitted reports of evaluation efforts of State vocational education programs.

Objectives for 1974: This activity will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress in fiscal year 1974.

Activity: Vocational Research:

(a) Innovation (Cooperative Research Act)

1973	1974 Authorization	1974 Budget Estimate
$ 16,000,000	$ 1/	$ 8,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: To develop, establish, and operate exemplary and innovative occupational education programs or projects designed to serve as models for use in vocational education programs.

Explanation: Prior to fiscal year 1974, grants were awarded on a formula basis under Part D of the Vocational Education Act of which 50 percent was for use by the State agency and 50 percent was for direct grants by the Commissioner of Education. In fiscal year 1974, the 50 percent previously funded for use by the State agency is included in the special revenue sharing proposal to be submitted to Congress. The $8,000,000 requested herein represents the remaining 50 percent which is proposed to be funded under the Cooperative Research Act which authorizes the Commissioner of Education to make grants to universities and colleges and other public or private agencies, institutions, and organizations and to individuals, for research surveys, and demonstrations in the field of education; for dissemination of information derived from educational research; and, to assist the designated organizations in providing training in research in the field of education.

Accomplishments in 1973: In fiscal year 1973, 59 projects were initiated under the Commissioner's funding authority. These projects represent a new three-year cycle of demonstration activities involving a restructuring of all facets of the educational program toward career development in an articulated K-14 sequence. These efforts will facilitate major institutional reform in the public schools in the United States.

Objectives for 1974: The 59 comprehensive career education model projects funded by the Commissioner in fiscal year 1973 will be in full operation in fiscal year 1974 during which time, attention will be devoted to incorporating in these projects the results of other vocational research programs. The $8,000,000 previously funded for use by the State agency is included in Special Education Revenue Sharing.

Activity: Vocational Research

(b) Curriculum Development (Cooperative Research Act)

1973	1974 Authorization	1974 Budget Estimate
$ 4,000,000	1/	$ 4,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: To develop curricula for new and changing occupations. Projects include printing and dissemination of guides, development of special curriculum and instructional materials for the handicapped and disadvantaged, development of supportive teacher and student materials, preparation of teaching aides for existing curricula and training teachers in effective uses of new curriculum materials.

Explanation: Project grants are made to colleges and universities, State boards, and other public and nonprofit private agencies, institutions and organizations for the development of program planning guides for the States and to support the development of models for the evaluation of vocational and technical education.

Accomplishments in 1973: In fiscal year 1973, 24 projects were funded for curriculum development activities.

Objectives for 1974: The estimate for 1974 provides for 22 projects.

Activity: Vocational research

(c) Research - (Cooperative Research Act)

1973	1974 Authorization	1974 Budget Estimate
$ 18,000,000	1/	$ 9,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: Supports activities of State research coordinating units and other agencies and institutions in the development of programs and projects designed to meet the research needs of vocational education.

Explanation: Prior to fiscal year 1974, grants were awarded on a formula basis under Part C of the Vocational Education Act of which 50 percent was for use by the State agency and 50 percent was for direct grants by the Commissioner of Education. In fiscal year 1974, 50 percent previously funded for use by the State agency is included in the special revenue sharing proposal to be submitted to Congress. The $9,000,000 requested herein represents the remaining 50 percent which is proposed to be funded under the Cooperative Research Act which authorizes the Commissioner of Education to make grants to universities and colleges, and other public or private agencies, institutions, and organizations and to individuals, for research, surveys, and demonstrations in the field of education; for dissemination of information derived from educational research; and, to assist the designated organizations in providing training in research and in the field of education.

Accomplishments in 1973: In fiscal year 1973, 56 projects were supported under the Commissioner's funding authority and 130 projects under the State agencies authority for a total of 186 projects.

Objectives for 1974: The estimate for 1974 includes 94 projects to support focused efforts to undergird other vocational research programs and to develop and test models. The $9,000,000 previously used by the States is being folded into Special Education Revenue Sharing.

Activity: Career Education - Installation and Demonstration

1973	1974 Authorization	1974 Budget Estimate
$ ---	$ 1/	$ 14,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974.

Purpose: Funds are provided to install and demonstrate career education programs directed toward systematic reform of the structure of the educational enterprise so that students can be more successfully prepared to earn a living upon completion of secondary school.

Explanation: The Cooperative Research Act authorizes the Commissioner of Education to make grants to universities and colleges and other public or private agencies, institutions, and organizations and to individuals, for research surveys, and demonstrations in the field of education; for dissemination of information derived from educational research; and, to assist the designated organizations in providing training in research in the field of education.

Accomplishments in 1973: No funds were provided for this activity in fiscal year 1973.

Objectives for 1974: During fiscal year 1974, contracts or grants will be awarded to initiate a small number of career education installation-demonstration projects. In coordination with the National Institute of Education, a dissemination strategy will be planned and implemented

Activity: Adult Education - Grants to States (Adult Education Act)

1973	1974 Authorization	1974 Budget Estimate
$ 51,300,000	$ 1/	$ ---

1/ Authorization expires June 30, 1973.

Purpose: Funds are used for the purpose of eliminating functional illiteracy among the Nation's adults by providing educational opportunities that will enable adults 16 years and older with a limited education to continue their education.

Explanation: Grants are made to the States according to the formula specified in the Act. State education agencies administer the program in accordance with a State plan. Local communities participate by submitting proposals to the State education agency.

Accomplishments in 1973: In fiscal year 1973, 691,000 adults were enrolled in adult education classes.

Objectives for 1974: This activity will be absorbed by the new special education revenue sharing proposal to be transmitted to the Congress.

Activity: Adult Education: Special Projects (Adult Education Act, Section 309)

	1974	
1973	Authorization	Budget Estimate
$ 7,000,000	1/	$ 7,000,000

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, Section 413(c).

Purpose: The purpose of this program is to provide grants for special demonstration projects which involve the use of innovative methods, systems, and materials in the development of adult education programs.

Explanation: Grants are awarded to local education agencies, or other public or private nonprofit agencies, including educational television stations. Applicants must meet legislative criteria. Federal funds can support up to 100 percent of the project cost, but wherever feasible a Non-Federal contribution of at least 10 percent is encouraged.

Accomplishments in 1973: Forty grants were awarded in fiscal year 1973 of which 12 were continuations from 1972. These projects involved comprehensive efforts which addressed the special learning needs of undereducated adults and curriculum development.

Objectives in 1974: In fiscal year 1974, forty demonstration grants will be awarded of which 12 will be continuations and 28 will be new projects focusing on the maximum impact and services for illiterate adults.

Activity: Adult Education: Teacher Training (Adult Education Act, Section 309)

	1974	
1973	Authorization	Budget Estimate
$ 3,000,000	1/	$ 3,000,000

1/ Authorization expires June 30, 1973. Funding for fiscal year 1974 is authorized by the General Education Provisions Act, sec. 413 (c).

Purpose: This program supports projects to promote and coordinate the training of personnel who work or are preparing to work in adult education.

Explanation: Grants are awarded to institutions of higher education, State or local education agencies, or other public or nonprofit agencies for preservice and inservice training and development of adult education personnel.

Accomplishments in 1973: Nine Regional Staff Development Programs were continued and six National training institutes were held.

Objectives for 1974: Continuation of the Regional Staff Development Program is planned at a cost of $2,500,000. In addition, it is expected that $500,000 in new funds will be used to support training opportunities for about 450 individuals in national institutes.

Basic Vocational Education Programs

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$383,766,354	$383,843,455	---
Alabama	8,406,817	7,872,428	---
Alaska	513,457	505,615	---
Arizona	3,643,135	3,691,489	---
Arkansas	4,545,544	4,204,550	---
California	30,091,972	32,059,380	---
Colorado	4,221,389	4,533,203	---
Connecticut	4,231,961	4,279,507	---
Delaware	859,085	898,604	---
Florida	11,965,538	12,624,166	---
Georgia	10,903,070	10,257,298	---
Hawaii	1,580,477	1,345,394	---
Idaho	1,740,254	1,632,029	---
Illinois	16,325,716	16,954,129	---
Indiana	9,511,708	9,917,790	---
Iowa	5,499,107	5,435,370	---
Kansas	4,649,365	4,342,265	---
Kentucky	7,623,109	7,396,122	---
Louisiana	8,872,840	8,526,982	---
Maine	2,116,508	2,131,066	---
Maryland	6,453,773	6,665,000	---
Massachusetts	8,279,060	9,300,754	---
Michigan	15,312,930	15,727,975	---
Minnesota	7,139,138	7,309,640	---
Mississippi	5,804,180	5,169,211	---
Missouri	8,841,073	8,885,387	---
Montana	1,554,098	1,510,550	---
Nebraska	2,784,937	2,879,598	---
Nevada	675,996	726,397	---
New Hampshire	1,332,469	1,431,610	---
New Jersey	10,837,793	10,308,874	---
New Mexico	2,467,331	2,375,696	---
New York	25,221,934	25,558,576	---
North Carolina	12,568,871	12,167,327	---
North Dakota	1,502,485	1,444,892	---
Ohio	19,605,737	19,325,594	---
Oklahoma	5,652,065	5,535,482	---
Oregon	4,029,962	4,108,456	---
Pennsylvania	21,175,458	21,237,373	---
Rhode Island	1,560,246	1,765,441	---
South Carolina	6,892,676	6,436,266	---
South Dakota	1,518,034	1,516,732	---
Tennessee	9,093,311	8,913,642	---
Texas	24,662,653	23,717,398	---
Utah	2,457,750	2,601,994	---
Vermont	886,283	947,537	---
Virginia	10,311,628	9,867,395	---
Washington	6,213,164	6,217,001	---
West Virginia	4,277,862	3,932,158	---
Wisconsin	7,965,778	8,689,504	---
Wyoming	701,150	691,536	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
District of Columbia	$ 1,010,762	$ 1,164,416	---
American Samoa	82,768	64,504	---
Guam	308,980	206,701	---
Puerto Rico	6,942,371	6,488,548	---
Trust Territory	210,284	211,022	---
Virgin Islands	130,312	135,881	---

1/ Distribution based on fiscal year 1973 final State products of (1) fiscal year 1973 allotment ratios, with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, and 25-65 population age groups, April 1, 1970, with a minimum amount of $10,000 on the total amount for Part B and Part C.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

Programs for Students with Special Needs

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$19,999,586	$20,000,000	---
Alabama	437,839	409,993	---
Alaska	26,741	26,332	---
Arizona	189,740	192,252	---
Arkansas	236,739	218,971	---
California	1,567,234	1,669,643	---
Colorado	219,856	236,088	---
Connecticut	220,407	222,875	---
Delaware	44,742	46,799	---
Florida	623,181	657,461	---
Georgia	567,847	534,196	---
Hawaii	82,314	70,067	---
Idaho	90,635	84,995	---
Illinois	850,266	882,966	---
Indiana	495,383	516,515	---
Iowa	286,400	283,072	---
Kansas	242,145	226,144	---
Kentucky	397,022	385,188	---
Louisiana	462,109	444,083	---
Maine	110,231	110,986	---
Maryland	336,121	347,110	---
Massachusetts	431,184	484,380	---
Michigan	797,519	819,108	---
Minnesota	371,815	380,684	---
Mississippi	302,290	269,211	---
Missouri	460,455	462,748	---
Montana	80,939	78,669	---
Nebraska	145,043	149,968	---
Nevada	35,206	37,830	---
New Hampshire	69,397	74,557	---
New Jersey	564,448	536,883	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
New Mexico	$ 128,502	$ 123,726	---
New York	1,313,593	1,331,083	---
North Carolina	654,603	633,670	---
North Dakota	78,251	75,250	---
Ohio	1,021,093	1,006,470	---
Oklahoma	294,368	288,286	---
Oregon	209,887	213,967	---
Pennsylvania	1,106,450	1,106,036	---
Rhode Island	81,260	91,943	---
South Carolina	358,980	335,199	---
South Dakota	79,061	78,990	---
Tennessee	473,593	464,219	---
Texas	1,284,465	1,235,194	---
Utah	128,003	135,510	---
Vermont	46,158	49,347	---
Virginia	537,045	513,890	---
Washington	323,590	323,779	---
West Virginia	222,797	204,786	---
Wisconsin	414,868	452,545	---
Wyoming	36,517	36,015	---
District of Columbia	52,643	60,643	---
American Samoa	10,000	10,000	---
Guam	16,092	10,766	---
Puerto Rico	361,568	337,922	---
Trust Territory	10,951	10,990	---
Virgin Islands	10,000	10,000	---

1/ Estimated distribution of funds under provisions of P.L. 90-576, Title I, Part A, Sec. 103(a) (2) and 103 (b), based on FY 1973 final State products of (1) FY 1973 allotment ratios, with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, 25-65 population age-groups, April 1, 1970, with a minimum amount of $10,000.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

Consumer and Homemaking Education

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 25,624,470	$25,625,000	---
Alabama	561,104	525,419	---
Alaska	34,270	33,745	---
Arizona	243,157	246,376	---
Arkansas	303,387	280,619	---
California	2,008,458	2,139,699	---
Colorado	281,751	302,554	---
Connecticut	282,457	285,621	---
Delaware	57,339	59,973	---
Florida	798,627	842,558	---
Georgia	727,714	684,590	---

State or Outlying Area	1972 Actual	1973 Estimate1/	1974 Estimate2/
Hawaii	$ 105,487	$ 89,795	---
Idaho	116,152	108,925	---
Illinois	1,089,642	1,131,547	---
Indiana	634,849	661,930	---
Iowa	367,032	362,766	---
Kansas	310,317	289,810	---
Kentucky	508,796	493,630	---
Louisiana	592,207	569,106	---
Maine	141,264	142,231	---
Maryland	430,750	444,833	---
Massachusetts	552,576	620,748	---
Michigan	1,022,046	1,049,713	---
Minnesota	476,494	487,859	---
Mississippi	387,394	345,003	---
Missouri	590,088	593,026	---
Montana	103,728	100,816	---
Nebraska	185,878	192,189	---
Nevada	45,119	48,481	---
New Hampshire	88,934	95,548	---
New Jersey	723,357	688,031	---
New Mexico	164,679	158,558	---
New York	1,683,411	1,705,824	---
North Carolina	838,896	812,069	---
North Dakota	100,282	96,435	---
Ohio	1,308,564	1,289,823	---
Oklahoma	377,241	369,448	---
Oregon	268,975	274,205	---
Pennsylvania	1,417,949	1,417,420	---
Rhode Island	104,137	117,829	---
South Carolina	460,044	429,568	---
South Dakota	101,319	101,229	---
Tennessee	606,923	594,912	---
Texas	1,646,084	1,582,941	---
Utah	164,039	173,661	---
Vermont	59,154	63,240	---
Virginia	688,239	658,568	---
Washington	414,691	414,934	---
West Virginia	285,522	262,439	---
Wisconsin	531,667	579,952	---
Whoming	46,797	46,154	---
District of Columbia	67,463	77,715	---
American Samoa	10,000	10,000	---
Guam	20,622	13,795	---
Puerto Rico	463,362	433,057	---
Trust Territory	14,036	14,083	---
Virgin Islands	10,000	10,000	---

1/ Distribution based on fiscal year 1973 final State products of (1) fiscal year 1973 allotment ratios, with limits of 0.60 and 0.40, and (2) the 15-19, 20-24, and 25-65 population age-groups, with a minimum amount of $10,000.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

Work Study

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 5,999,894	$ 6,000,000	---
Alabama	111,335	105,439	---
Alaska	10,539	8,898	---
Arizona	52,155	53,087	---
Arkansas	58,910	55,712	---
California	556,407	569,568	---
Colorado	64,856	68,400	---
Connecticut	79,988	81,193	---
Delaware	15,403	15,745	---
Florida	171,597	178,548	---
Georgia	145,549	139,001	---
Hawaii	26,483	23,164	---
Idaho	23,510	22,464	---
Illinois	305,361	310,522	---
Indiana	149,978	154,619	---
Iowa	84,853	83,366	---
Kansas	70,530	67,795	---
Kentucky	100,256	98,973	---
Louisiana	119,442	116,176	---
Maine	28,645	28,810	---
Maryland	111,065	110,098	---
Massachusetts	146,465	160,457	---
Michigan	265,367	266,808	---
Minnesota	112,416	113,996	---
Mississippi	78,637	71,717	---
Missouri	130,251	132,350	---
Montana	22,159	21,358	---
Nebraska	42,967	44,193	---
Nevada	12,160	12,453	---
New Hampshire	19,457	20,953	---
New Jersey	193,756	187,103	---
New Mexico	34,319	32,135	---
New York	474,796	483,730	---
North Carolina	164,301	163,668	---
North Dakota	20,538	19,910	---
Ohio	314,009	310,625	---
Oklahoma	74,314	74,930	---
Oregon	60,802	62,137	---
Pennsylvania	324,818	328,960	---
Rhode Island	25,132	27,639	---
South Carolina	92,149	87,770	---
South Dakota	21,348	21,383	---
Tennessee	117,010	117,244	---
Texas	348,328	339,775	---
Utah	34,049	35,676	---
Vermont	12,431	13,746	---
Virginia	145,925	139,818	---
Washington	103,499	103,000	---
West Virginia	56,478	52,699	---
Wisconsin	125,658	132,666	---
Wyoming	10,539	10,084	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
District of Columbia	19,186	$ 21,463	---
American Samoa	1,162	948	---
Guam	4,540	2,695	---
Puerto Rico	98,094	89,575	---
Trust Territory	3,054	3,094	---
Virgin Islands	2,918	1,664	---

1/ Estimated distribution of $6,000,000 on the basis of the population aged 15-20, April 1, 1970.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

Cooperative Education

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$19,499,700	$19,500,000	---
Alabama	364,496	356,178	---
Alaska	214,653	212,233	---
Arizona	276,576	278,314	---
Arkansas	286,975	283,260	---
California	1,012,082	1,030,529	---
Colorado	295,011	299,373	---
Connecticut	319,118	320,670	---
Delaware	222,689	223,458	---
Florida	452,890	463,582	---
Georgia	411,938	402,251	---
Hawaii	237,343	232,832	---
Idaho	234,979	233,847	---
Illinois	655,201	662,047	---
Indiana	424,528	429,520	---
Iowa	327,627	324,976	---
Kansas	303,992	299,264	---
Kentucky	347,480	345,669	---
Louisiana	376,786	371,810	---
Maine	242,542	242,665	---
Maryland	363,078	362,753	---
Massachusetts	417,438	435,148	---
Michigan	598,478	598,782	---
Minnesota	369,696	370,643	---
Mississippi	315,809	306,466	---
Missouri	393,803	396,348	---
Montana	233,088	232,148	---
Nebraska	264,286	265,430	---
Nevada	217,490	218,364	---
New Hampshire	228,834	230,739	---
New Jersey	485,978	479,602	---
New Mexico	251,051	248,059	---
New York	905,727	914,361	---
North Carolina	439,182	437,414	---
North Dakota	230,725	229,599	---
Ohio	669,855	662,577	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
Oklahoma	$ 309,664	$ 310,380	---
Oregon	291,229	292,935	---
Pennsylvania	686,399	691,463	---
Rhode Island	236,870	239,155	---
South Carolina	334,244	328,360	---
South Dakota	232,143	231,984	---
Tennessee	373,478	372,722	---
Texas	713,815	699,380	---
Utah	251,051	253,288	---
Vermont	218,435	220,289	---
Virginia	408,929	401,475	---
Washington	350,788	350,763	---
West Virginia	284,139	278,779	---
Wisconsin	388,604	397,948	---
Wyoming	215,599	215,185	---
District of Columbia	227,889	229,983	---
American Samoa	6,334	5,685	---
Guam	21,465	14,819	---
Puerto Rico	531,338	536,355	---
Trust Territory	16,714	18,435	---
Virgin Islands	9,149	9,706	---

1/ Estimated distribution of $19,500,000 with 3 percent ($585,000) reserved for the outlying areas and the balance distributed on the basis of (1) $200,000 to each State and D.C., and (2) the remainder on the 15-19 population, April 1, 1970.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

State Advisory Councils

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 2,690,000	$ 2,690,000	---
Alabama	53,743	50,544	---
Alaska	31,964	32,101	---
Arizona	31,964	32,101	---
Arkansas	31,964	32,101	---
California	95,892	96,304	---
Colorado	31,964	32,101	---
Connecticut	31,964	32,101	---
Delaware	31,964	32,101	---
Florida	76,494	81,052	---
Georgia	69,752	65,856	---
Hawaii	31,964	32,101	---
Idaho	31,964	32,101	---
Illinois	95,892	96,304	---
Indiana	60,807	63,676	---
Iowa	35,155	34,897	---

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
Kansas	31,964	$ 32,101	---
Kentucky	48,733	47,486	---
Louisiana	56,722	54,747	---
Maine	31,964	32,101	---
Maryland	41,258	42,791	---
Massachusetts	52,927	59,715	---
Michigan	95,892	96,304	---
Minnesota	45,639	46,930	---
Mississippi	37,105	33,188	---
Missouri	56,519	57,048	---
Montana	31,964	32,101	---
Nebraska	31,964	32,101	---
Nevada	31,964	32,101	---
New Hampshire	31,964	32,101	---
New Jersey	69,285	66,187	---
New Mexico	31,964	32,101	---
New York	95,892	96,304	---
North Carolina	80,351	78,119	---
North Dakota	31,964	32,101	---
Ohio	95,892	96,304	---
Oklahoma	36,133	35,540	---
Oregon	31,964	32,101	---
Pennsylvania	95,892	96,304	---
Rhode Island	31,964	32,101	---
South Carolina	44,064	41,323	---
South Dakota	31,964	32,101	---
Tennessee	58,132	57,229	---
Texas	95,892	96,304	---
Utah	31,964	32,101	---
Vermont	31,964	32,101	---
Virginia	65,920	63,353	---
Washington	39,720	39,915	---
West Virginia	31,964	32,101	---
Wisconsin	50,924	55,790	---
Wyoming	31,964	32,101	---
District of Columbia	31,964	32,101	---
American Samoa	31,964	32,101	---
Guam	31,964	32,101	---
Puerto Rico	44,381	41,658	---
Trust Territory	31,964	32,101	---
Virgin Islands	31,964	32,101	---

1/ Estimated distribution based on 1 percent of allotment for P.L. 90-576, Title I, Part B with a minimum of $50,000 and a maximum of $150,000. This amount ($4,189,842) was ratably reduced to allotment amount of $2,690,000.

2/ Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

Innovation

State of Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
TOTAL	$ 16,042,955	$16,000,000	
Alabama	313,603	295,337	---
Alaska	209,465	207,467	---
Arizona	251,793	247,806	---
Arkansas	253,093	250,826	---
California	888,551	706,989	---
Colorado	264,344	260,662	---
Connecticut	136,357	273,662	---
Delaware	215,487	214,320	---
Florida	370,644	360,902	---
Georgia	329,438	323,463	---
Hawaii	225,426	220,042	---
Idaho	223,795	220,662	---
Illinois	543,416	482,053	---
Indiana	299,530	340,108	---
Iowa	286,684	276,291	---
Kansas	263,480	260,595	---
Kentucky	290,028	288,922	---
Louisiana	307,918	304,880	---
Maine	229,382	226,045	---
Maryland	299,545	299,351	---
Massachusetts	384,721	343,544	---
Michigan	481,371	443,433	---
Minnesota	301,795	304,168	---
Mississippi	270,694	264,991	---
Missouri	159,153	319,859	---
Montana	222,802	219,624	---
Nebraska	119,622	239,941	---
Nevada	210,676	211,210	---
New Hampshire	233,251	218,764	---
New Jersey	442,464	370,681	---
New Mexico	234,710	229,337	---
New York	800,286	636,076	---
North Carolina	346,006	344,927	---
North Dakota	218,756	218,068	---
Ohio	408,589	482,376	---
Oklahoma	275,008	267,380	---
Oregon	255,690	256,731	---
Pennsylvania	416,459	500,010	---
Rhode Island	225,282	223,902	---
South Carolina	281,948	278,357	---
South Dakota	222,017	219,525	---
Tennessee	319,444	305,437	---
Texas	416,253	504,842	---
Utah	231,164	232,530	---
Vermont	212,732	212,385	---
Virginia	342,287	322,989	---
Washington	277,634	292,032	---
West Virginia	259,020	248,090	---
Wisconsin	283,718	320,835	---
Wyoming	210,773	209,270	---

State of Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
District of Columbia	217,024	$ 218,303	---
American Samoa	9,687	4,665	---
Guam	19,947	12,159	---
Puerto Rico	494,558	440,086	---
Trust Territory	21,135	15,126	---
Virgin Islands	14,300	7,964	---

1/ Estimated distribution of $16,000,000 with 3 percent reserved for the outlying areas; balance distributed on the basis of (1) $200,000 to each State and D.C., and (2) the remainder on the 15-19 population, April 1, 1970.

2/ Fifty percent of the funds previously carried under this appropriation are consolidated in 1974 under the special education revenue sharing proposal. The remaining fifty percent is proposed to be funded under the authority of the Cooperative Research Act.

Research

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 17,999,814	$18,000,000	---
Alabama	394,230	369,170	---
Alaska	24,078	23,710	---
Arizona	170,842	173,109	---
Arkansas	213,160	197,169	---
California	1,411,136	1,503,396	---
Colorado	197,958	212,580	---
Connecticut	198,454	200,684	---
Delaware	40,286	42,139	---
Florida	561,112	591,999	---
Georgia	511,476	481,007	---
Hawaii	74,116	63,091	---
Idaho	81,608	76,533	---
Illinois	765,580	795,049	---
Indiana	446,042	465,086	---
Iowa	257,876	254,887	---
Kansas	218,028	203,627	---
Kentucky	357,480	346,834	---
Louisiana	416,084	399,865	---
Maine	99,252	99,934	---
Maryland	302,644	312,549	---
Massachusetts	388,240	436,151	---
Michigan	718,086	737,550	---
Minnesota	334,782	342,779	---
Mississippi	272,182	242,406	---
Missouri	414,594	416,672	---
Montana	72,878	70,836	---
Nebraska	130,598	135,036	---
Nevada	31,700	34,064	---
New Hampshire	62,486	67,134	---
New Jersey	508,228	483,425	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
New Mexico	115,704	$ 111,406	---
New York	1,182,760	1,198,547	---
North Carolina	589,406	570,576	---
North Dakota	70,458	67,757	---
Ohio	919,394	906,257	---
Oklahoma	265,050	259,582	---
Oregon	188,982	192,662	---
Pennsylvania	996,248	995,908	---
Rhode Island	73,166	82,789	---
South Carolina	323,226	301,823	---
South Dakota	71,188	71,126	---
Tennessee	426,422	417,998	---
Texas	1,156,532	1,112,207	---
Utah	115,254	122,018	---
Vermont	41,562	44,434	---
Virginia	483,554	462,723	---
Washington	291,360	291,541	---
West Virginia	200,608	184,395	---
Wisconsin	373,548	407,486	---
Wyoming	32,880	32,429	---
District of Columbia	47,400	54,604	---
American Samoa	3,880	3,025	---
Guam	14,490	9,693	---
Puerto Rico	325,556	304,275	---
Trust Territory	9,860	9,896	---
Virgin Islands	6,110	6,372	---

1/ Estimated distribution of funds under provisions of Sec. 102(a) and 103(a) and (b), P.L. 90-576, Title I, Part A for the purposes of Part C. Estimated distribution, based on fiscal year 1973 final State products, was ratably reduced to $18,000,000.

2/ Fifty percent of the funds previously carried under this appropriation are consolidated in 1974 under the special education revenue sharing proposal. The remaining fifty percent is proposed to be funded under the authority of the Cooperative Research Act.

Adult Education

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate 2/
TOTAL	$ 51,132,753	$51,134,000	---
Alabama	1,353,404	1,353,404	---
Alaska	166,536	166,536	---
Arizona	419,113	419,113	---
Arkansas	785,866	785,866	---
California	2,894,965	2,894,965	---
Colorado	425,700	425,700	---
Connecticut	646,371	646,371	---
Delaware	219,465	219,465	---
Florida	1,308,317	1,308,317	---
Georgia	1,712,693	1,713,940	---

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate[2]
Hawaii	272,771	$ 272,771	---
Idaho	248,223	248,223	---
Illinois	2,271,708	2,271,708	---
Indiana	1,071,829	1,071,829	---
Iowa	646,525	646,525	---
Kansas	528,113	528,113	---
Kentucky	1,148,538	1,148,538	---
Louisiana	1,599,212	1,599,212	---
Maine	329,342	328,342	---
Maryland	777,671	777,671	---
Massachusetts	1,122,487	1,122,487	---
Michigan	1,702,104	1,702,104	---
Minnesota	774,061	774,061	---
Mississippi	1,054,146	1,054,146	---
Missouri	1,102,416	1,102,416	---
Montana	251,812	251,812	---
Nebraska	388,687	388,687	---
Nevada	180,362	180,362	---
New Hampshire	254,488	254,488	---
New Jersey	1,439,458	1,439,458	---
New Mexico	344,103	344,103	---
New York	3,783,043	3,783,043	---
North Carolina	1,898,912	1,898,912	---
North Dakota	257,625	257,625	---
Ohio	2,094,595	2,094,595	---
Oklahoma	620,400	620,400	---
Oregon	456,536	456,536	---
Pennsylvania	2,634,898	2,634,898	---
Rhode Island	331,396	331,396	---
South Carolina	1,190,918	1,190,918	---
South Dakota	263,481	263,481	---
Tennessee	1,403,582	1,403,582	---
Texas	3,205,110	3,205,110	---
Utah	259,611	259,611	---
Vermont	208,698	208,698	---
Virginia	1,436,435	1,436,435	---
Washington	624,613	624,613	---
West Virginia	613,710	613,710	---
Wisconsin	917,375	917,375	---
Wyoming	186,843	186,843	---
District of Columbia	282,806	282,806	---
American Samoa	40,907	40,907	---
Guam	71,588	71,588	---
Puerto Rico	787,464	787,464	---
Trust Territory	81,814	81,814	---
Virgin Islands	40,907	40,907	---

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[1] Distribution of $51,300,000 with $166,000 reserved for the Advisory Council, 2% of the balance reserved for the outlying areas and the balance distributed with a basic amount of $150,000 and the remainder distributed on the basis of those 16 and over without a certificate of graducation from high school, with no State receiving less than it's FY 1971 allotment. (4/1/60)

[2] Funds previously carried under this appropriation are consolidated in 1974 under proposed legislation, Special Education Revenue Sharing.

SUBCOMMITTEE RECESS

Senator **Schweiker**. I guess that's all of the questions we have, and the subcommittee will stand in recess until 2:30 p.m., Monday, May 21, 1973, at which time we will resume HEW's budget, and take up higher education.

Thank you very much.

[Whereupon, at 3:15 p.m., Thursday, May 17, the subcommittee was recessed to reconvene at 2:30 p.m., Monday, May 21, 1973.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

MONDAY, MAY 21, 1973

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, D.C.

The subcommittee met at 2:40 p.m., in room 1223, Everett McKinley Dirksen Office Building, Hon. Ted Stevens, presiding.

Present: Senators Stevens, Cotton, and Schweiker.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Higher Education

STATEMENT OF PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

ACCOMPANIED BY:

- **DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE**
- **S. W. HERRELL, ACTING ASSOCIATE COMMISSIONER, BUREAU OF HIGHER EDUCATION**
- **DR. ROBERT LEESTMA, ASSOCIATE COMMISSIONER FOR INTERNATIONAL EDUCATION**
- **WILLIAM SIMMONS, DIRECTOR, DIVISION OF INSURED LOANS, BUREAU OF HIGHER EDUCATION**
- **PETER VOIGHT, PLANNING OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION**
- **WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION**
- **JESS BERRY, BUDGET ANALYST**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

INTRODUCTION OF ASSOCIATES

Senator Stevens. If we can bring the subcommittee to order I want to resume the hearings on the fiscal year 1974 budget for HEW.

Before us is Peter Muirhead, Acting Deputy Commissioner for Higher Education of the Department of Health, Education, and Welfare.

Would you introduce your associates, Mr. Muirhead, and then proceed with your statement.

Mr. **Muirhead.** I would be pleased to do so, Mr. Chairman. Sitting immediately on my right is Mr. Herrell, the Acting Associate Commissioner for Higher Education, and on his right our Commissioner of Education, John Ottina, and Dr. Robert Leestma, the Associate Commissioner for International Education. In the back Mr. Simmons who is the Director of the Division of Insured Loans, and Peter Voight who has been directing the BEOG program, the basic educational opportunity grants program is right here, and William Barefoot, executive officer, is right behind me, and Jess Berry, the budget analyst, is here.

Senator **Stevens.** Thank you, and our perennial Mr. Miller.

BUDGET REQUEST

Mr. **Muirhead.** Mr. Chairman and members of the committee, I am pleased to appear before this committee to present a fiscal year 1974 appropriations request for higher education of $1,750,614,000, including a permanent appropriation of $2.7 million.

This request represents a $105 million increase over the comparable amount for fiscal year 1973.

The key figure of this budget is a proposed appropriation of $959 million for basic educational opportunity grants which will permit full funding of that program. The basic grant program represents a major reform of the traditional Federal student financial aid programs.

In the past, Federal student financial aid was made available through several programs with varying standards of a student eligibility tied to State allotment formulas which frequently did not reflect adequately student financial need.

Students in some States were treated better than in other States and in one institution better than in another, even through their financial need was the same.

Under the new basic educational opportunity grants program every eligible student will be treated equitably and those in greatest need will receive the greatest amount of Federal assistance.

The full funding of the basic opportunity grant program reflects the administration's strong commitment to student aid which is further emphasized by the fact that over 92 percent of the requested funds are for direct aid to students, most of it in the form of student financial aid.

This commitment is aimed at making the entire range of postsecondary educational opportunities available to all who seek them without regard to the student's economic or social status. It is also aimed at providing funds, to the maximum extent possible, directly to the student so that he can choose the institution he wishes to attend solely on the basis of its ability to meet his educational needs.

We believe that this student-centered approach is most likely to foster a strong effective postsecondary educational system attuned to the needs of the American people both now and in the future.

FUNDING REQUEST REVIEW

I would now like to review our funding requests for specific higher education programs.

Under the general heading of, "Student assistance for the basic educational opportunity grants program," we are requesting $959 million of which $11.5 million is for administration.

These funds will permit us to provide grants to an estimated 1,577,000 students in academic year 1974–75. At the full funding level supported by this budget request, the program provides a grant of up to $1,400 less expected family contribution, but not to exceed one-half the cost of attendance.

Senator STEVENS. Mr. Muirhead, could I interrupt you there? You say up above "without regard to the student's economic or social status;" then, when we come down to the concept of the amount of the basic opportunity grant, we talk about "less the expected family contribution." How can those two be said at the same time?

Mr. MUIRHEAD. Our rationale for that, Mr. Chairman, is to say that the moneys shall be made available to the students in terms of their financial needs and that our measure of that financial need is how much can the family be reasonably expected to contribute to the student's higher education costs.

Senator STEVENS. That is social status, isn't it?

Mr. MUIRHEAD. Yes, but by and large the measure that we take in terms of dispersing these funds is the measure of the student's financial need as measured by this family ability to finance higher education.

Senator STEVENS. Is that also related to the number of children in a family?

Mr. MUIRHEAD. It certainly is. One of the factors that is taken into consideration in determining the family contribution is the size of the family, as well, of course, as the measure of the family income.

Senator STEVENS. The number that would be going to college for instance?

Mr. MUIRHEAD. The number that would be going to college or any very serious illness that is in the family.

Senator STEVENS. Do you have a table worked out for "BEOG"?

Mr. MUIRHEAD. We do and we would be pleased to submit that to the record with your permission.

Senator STEVENS. We would be happy to have it; I think it would be very interesting for the members of the committee because I heard some comments about the problem of economic status and the family contribution related to the demand on that particular family. And I don't know how you are going to equate it. You know, the interesting thing with food stamps is you can actually have a rather sizable income but if you show a sizable demand on that income, because of unfortunate circumstances or whatnot, you are still eligible for food stamps. I wonder if this is reflected in BEOG, or whether it is an arbitrary family income level equivalent that you have worked up.

Mr. MUIRHEAD. No; it is an equivalent that we have worked out; and I should report, too, Mr. Chairman, that the development of such a system as this has been going on now for 25 years with colleges; such as the College Scholarship Service or the American College Testing Group in which people seeking financial aid submit information to the College Scholarship Service. Tables have been developed over the years that lead to a fairly good representation of what a family can be expected to contribute, taking into consideration not only the net family income but the other obligations of the family.

Senator **Stevens**. I think what I am after is: Would the student have the opportunity to show that they have extraordinary demands in their family and therefore he would not be able to receive the expected amount of contribution from the family?

ESCAPE CLAUSE

Mr. **Muirhead**. The student will be asked to provide information to show the varying abilities of families to help with higher education and to that extent the table will be objective but there will be as you would expect an escape clause which says that if certain catastrophies have happened or certain hardships have occurred since this information was provided it will be reexamined.

Senator **Stevens**. I see; thank you very much.

CARRYOVER OF SURPLUS FUNDS

Mr. **Muirhead**. We expect that the grants will range from $200 to $1,400 with an average grant of $600. Because of the newness and the size and complexity of this program, it is not possible to determine in advance the precise amount needed to meet a given payment schedule.

We have, therefore, requested special appropriation language which would allow a surplus of funds to be carried into the next fiscal year and a shortfall to be a first priority claim on the following year's funds. It is not expected that large amounts of money will be involved but this procedure will permit us to avoid the confusion and mass of paperwork which would result from frequent funding adjustments among institutions during the course of the year.

Senator **Stevens**. Why is that really necessary? You say you are asking for full funding, if I understand that, you want the surplus to be carried over without reappropriation. I can understand that, but why should the shortfall be a first priority claim on the following year's funds? We would have a review of the next year's appropriation, why would the shortfall automatically be a first claim? Why would you want that?

Mr. **Muirhead**. It just seemed to us a more forthright way to share with you that we are developing a new program; we have devoted a great deal of time to making our estimates but we are not at all sure about them and if it should develop that meeting our payment schedule cost less than we estimate, then we would want to carry the remaining funds forward for use in the following academic years and if there is a shortfall then we would ask that we be allowed to fund it from the next year's appropriation.

Senator **Stevens**. Are you talking about the first priority on the BEOG funds for the subsequent year and not other funds available to HEW?

Mr. **Muirhead**. Yes, I am talking only about the BEOG funds.

USE OF SUPPLEMENTAL APPROPRIATIONS

Senator **Stevens**. Why would you not be able, if you did see a shortfall coming, to use the supplemental appropriations route?

Mr. **Muirhead.** I don't think there would be any good reason why we couldn't do that, but available funds are sure to be at least a little more or a little less than we need to meet a given payment schedule, and we will not know how much until the end of the year.

Senator **Stevens.** I understand the surplus; that is one thing. But to have us take a bill through for the next fiscal year based on the budget that is presented in January and find that in June we have fallen short in the year before, it would seem to me that we would perpetuate a crisis if we took it out of the subsequent year. You would have to come for a supplemental some time, why shouldn't you face the supplemental in the current year?

Mr. **Muirhead.** I think it is a matter of judgment, Mr. Chairman. We feel that in subsequent years with more experience behind us we are likely to be a good deal more accurate, and the reason why we would ask that a shortfall be funded out of the next year's appropriation, is that this program is forward funded and that those funds could be paid of the subsequent year and still meet the needs of the colleges during the time that the young person is in college.

Mr. **Miller.** I think, Mr. Chairman, this is just a question of being the shortest route; it is not the only route. When you rely on a supplemental you are concerned with timing; you never know at what point it is going to be passed. And then the question comes up to whether or not it is available to you under the continuing resolution because your definition of your rate of spending may be the amount you obligated in the previous years and that would restrict you from using the unobligated balances; so it is just the shortest route, that is all.

Senator **Stevens.** Did you discuss this with the House, too, Mr. Miller?

Mr. **Miller.** I don't recall whether they asked questions on this or not.

Mr. **Muirhead.** We made the same report to the House but I don't think we were interrogated on the point.

CARRYOVER OF SUPPLEMENTAL FUNDS

Senator **Stevens.** The staff informs me that there was an exchange on the floor between Senator Cotton and Senator Pell concerning this matter. I think we ought to keep it on the basis that we may submit to you some specific questions to follow up Senator Cotton's interest in it. But this funding pattern would be applicable to this year; and, as I understand it, the funds that are in the current supplemental would be carried over. Is that correct, Mr. Miller?

Mr. **Miller.** Yes; there is language in the supplemental carrying the funds over.

Senator **Stevens.** If this bill were appropriated—it says the amounts appropriated herein shall be available and any insufficiencies entitled resulting from payment schedule for basic opportunity grants published by the Commissioner of Education during the prior fiscal year.

Mr. **Muirhead.** We have funds in the supplemental.

Senator **Stevens.** And there was considerable dispute on the floor about the level, I recall. I am sure that you remember that some of us wanted the BEOG amount higher than it is, others wanted the direct loan money, and we compromised. The direct loan went up and the BEOG money came down a little bit. So the effect of this language, it seems to me, would be to reverse the decision that was made on the floor of the Senate in the supplemental.

Mr. MUIRHEAD. We did note with the same dismay that you did, Mr. Chairman, that the BEOG money was reduced and the loan money was increased, And I think I would return to the point that we were asking this particular procedure for this first year because we are not as confident as we presume we will be in subsequent years in determining the amount of money needed for this program. Even with more experience, however, we are likely to have a little more or a little less than we need to meet a payment schedule. Unless there is some saving provision in the appropriation language, the law would require that we distribute even a small surplus up to full entitlement or—in case of a shortfall—give each student a small amount less than we had led him to expect. This would cause trouble for the students and for the financial aid officers who would have to recalculate aid packages at the end of the year.

Dr. OTTINA. Senator, there was legislation restricting the eligibility for 1973 to first-time full-time students rather than part time at all levels, which in effect makes the amount of money eligible for a smaller group and, therefore, it will go further.

Senator STEVENS. I appreciate that. If Senator Cotton has any further questions we will submit them in writing.

Mr. MUIRHEAD. Thank you.

Senator STEVENS. He may be here himself later.

COLLEGE WORK STUDY AND INSURED STUDENT LOAN PROGRAMS

Mr. MUIRHEAD. In order to help supplement the basic opportunity grants program we are requesting substantial appropriations for the college work-study and insured student loan programs.

For college work-study, we are asking for $250 million, the same as our fiscal year 1973 request. This amount will support 545,000 students in academic year 1974–75.

The college work-study program not only provides students with financial aid but also a valuable work experience and a chance to serve both their school and their community in many useful ways. Thus student, school, and community all benefit from this program.

We are requesting $310 million for interest payments and related costs for the insured loan program, an increase of $65 million over our fiscal year 1973 request. We expect that this program will provide 1.5 million loans amounting to almost $1.7 billion in fiscal year 1974.

The newly authorized Student Loan Marketing Association, which will be in operation in fiscal year 1974, should greatly facilitate the making of insured loans under this program.

Senator STEVENS. We have had some discussions about this before and I don't want to be redundant, but as I understand now, your direct loans are practically wiped out. You have $5 million for this year?

Mr. MUIRHEAD. That is right.

Senator STEVENS. And that is compared to what, $562 million this year?

Mr. MUIRHEAD. No, that is compared to $293 million.

Senator STEVENS. Well, there was some in the supplemental wasn't there? We have direct loans at $562 million.

Mr. MUIRHEAD. Well, the $269.4 million that was in the 1973 urgent supplemental for direct loans plus the $293 million appropriated in October would make a total 1973 appropriation of $562.4. The $23.6 million carried forward from the 1972 supplemental plus $269.4 million of the 1973 appropriation would make $293 million available for 1972–73 academic year, and the remaining $293 million of the 1973 appropriation would be for 1973–74. Of course, we did not anticipate the unrequested $269.4 million appropriation when we formulated the 1974 request. The $562.4 million appropriation represents 2 years of funding for that program.

PHASEOUT OF DIRECT LOAN CONCEPT

Senator STEVENS. Is it the intent now to phase out the direct loan concept as far as——

Mr. MUIRHEAD. Yes, Mr. Chairman, it is our intent. It is a part of this budget request to place the burden of providing student loans—subsidized student loans—upon the Federal guaranteed student loan program.

I should say in passing, however, that there will be available to the colleges $160 million for use under the direct loan program. That money coming from loans that are being repaid to the colleges participating in the program. We are not requesting a new Federal capital contribution for the direct loan program.

Senator STEVENS. As I understand the concept, the basic opportunity grant will be the base on which a student will work. Then, depending upon the contribution that is available from the family that is well into one-half of the amount of $2,800. I think that is a rather arbitrary amount. The excess of the $1,400 the student is going to get from either work or from loans.

Now the defect in it for those of us who represent sparsely settled rural areas, is there are no banks in those areas—New Mexico, Kentucky, West Virginia, Alaska. What is a student going to do where there is no bank that can participate?

Mr. MUIRHEAD. We are hopeful, Mr. Chairman, that through a variety of steps that are being taken that there will be an even more vigorous participation of the banks in the guaranteed student loan program.

I think it is fair to report to you that the support of the guaranteed loan program has been quite spectacular in the comparatively short time in which it has been in operation.

At the present time the banks have supported this program to the level of about $5.9 billion in loans and the amount of bank participation has increased each year.

SECONDARY MARKET

We are hopeful that as a result of a congressional decision to put in place the secondary market that that will make it even more attractive for banks to put some of their funds into the student loan program because under the secondary market they will be able to take some of the student loan paper which they have been holding for some time and convert it into capital so that it can again be used for student loans.

We have good reason to believe that the banks will continue to support this program in the way in which they have in the past.

Senator STEVENS. I wanted to call your attention to the letter that the Chairman has placed in the record of the urgent supplemental—a letter from the Green River Community College Coordinator of Financial Aids. Part of that letter said, "Last week my secretary called 19 banks in the Puget Sound area and found only eight banks participating in the federally insured loan program.

"In addition, five banks of the eight lending institutions participating in the federally insured loan program restricted their loans to present customers and the remaining three banks proposed other restrictions."

"Thus in very graphic terms the new student devoid of a previous banking history is denied access to the program."

And they are talking about a place where they have 19 banks I don't like to swear on these things but I can almost swear that I can show you places where there are no banks with which people have any commercial relationship because of the great distances involved.

What is a student from Alakanuk going to do? There aren't any banks at Alakanuk, I can tell you that. What is he going to do, what are his parents going to do? They know how much they can assist him, and what he will get with the basic opportunity grant; and they know also he is supposed to get a loan—from somewhere.

Mr. MUIRHEAD. Well, I don't know the answer for the community that you speak of.

Senator STEVENS. It is a nice little village up in the northwestern part of Alaska and there are 176 of those villages like that.

Mr. MUIRHEAD. I would expect that the family whose child is going to college would go to the bank where they do business and seek to get a loan.

SUMMER EMPLOYMENT OPPORTUNITY

Dr. OTTINA. Senator, we shouldn't leave you with the impression that loans are the only place that these sums we are talking about are expected to come from. We do have in existence many States that have their own scholarship programs in addition to other scholarship programs. We do have in our treatment of expectations of the student's contribution, his education, and have not in any sense taken into consideration his own personal work or summer work employment. And all of these other factors I think need to be considered as we look at the package that suits any particular student and what he needs to meet his expenses with.

Senator STEVENS. I think your Student Marketing Association is a good idea and undoubtedly will result in additional cooperation from the banking community. But it seems to me we are placing a great stress on that banking community.

They are—the summer employment opportunity is going to make up half of the moneys available to complete this full funding and I think we all have serious questions as to whether that can be done without some substantial amount of direct loan opportunity.

Mr. **Muirhead**. We are hopeful, Mr. Chairman, that the secondary market will stimulate additional funds for loans. And I should report that many institutions other than just commercial banks are eligible as lenders under this program, indeed the universities themselves may qualify as lenders and participate in the Federal guaranteed loan program as do credit unions and savings banks.

I cannot of course speak for the isolated communities that you are sharing with us, but the network of eligible lenders is quite an extensive one.

Dr. **Ottina**. The statistics, Mr. Chairman, on the guaranteed student loan volume show a remarkable increase.

You mentioned the Chairman's home state of Washington, and according to a table I have before me the State of Washington in 1967 had a loan volume of about $1.2 million. That in 1968 rose to $2.8, in 1969 to $6.3, in 1970 to $9.2, in 1971 to $12.3 and in 1972 to $19.8 which is really a very astronomical growth.

STATE LOAN PROGRAM

Senator **Stevens**. Well, I can tell you the answer for my State. The State has a loan program to make up for it, but I am not sure how many States do. Also the program's volume is really not very substantial considering the fact that some Alaskans do not have banking connections.

Is the decision as far as your program is concerned irrevocable, that you want to phase out the direct loan program as an integral part of the total basic opportunity grant system? Is that your basic recommendation?

SUBSIDY OF LOW-INCOME FAMILY LOANS

Mr. **Muirhead**. That is our basic recommendation, and we support it by saying that we do want to provide ample opportunity for young people to obtain loans and to subsidize those loans when they come from families of low income. And we also believe that by so doing that we take off the budget a significant amount for loan purposes which stands in competition with our request for grant funds.

Our main argument before the committee which heard our request under the urgent supplemental was that we wanted to put more money into grants because that would seem to serve the needs of low income students better than to have them borrow money.

But while we have a request for Federal capital contributions for loan purposes on the budget, that stands in competition with whatever request we are making for grants.

Mr. **Miller**. I heard you use the term full-funding and I wanted to make sure I heard you correctly and that you understand our concept. We apply the term full-funding only to the BEOG program. There we say there is enough money requested in the 1974 budget to fully fund that provision.

Where the loan package comes in is in the President's commitment to try to make it possible for every student to go to college no matter what his financial needs may be. And there the degree of whether or not we are able to make the subsidized loans stand up comes into play, but the full-funding applies only to BEOG.

Senator **Stevens.** Well, it seems to me we have gone through this again and again and it is quite related to the Hill-Burton concepts. Didn't the law specify that the other existing student aid program should be continued as well as the BEOG system?

Mr. Muirhead. You are quite right, the Education Amendments of 1972 did have that provision. We asked in our appearance before both the House committee and the committee of the Senate that a special appropriation language be provided that would permit us not to support the supplementary opportunity grants program or the direct loan program on the contingent that we were supplying a very dramatic increase in the request for grants.

Since that time we have submitted to the Congress proposed legislation which would change that provision in the amendments of 1972.

Senator **Stevens.** I argued very vociferously for the BEOG system in the supplemental. I tried to support the system you advocate, but only on the concept that there was already available direct loan money for this year and that adding to that direct loan money was really going into a subsequent year.

But it seems to me when you are going into the BEOG system next year for those students who must supplement that basic opportunity grant with a loan, I would think that there is still a role for the Federal Government to play. That role would be in direct loans for the people who cannot get bank insured loans. And I think you are heading for another fight on this unless you recognize those areas where bank-financed student loans are not available.

Mr. Muirhead. I think your point is very well taken, Mr. Chairman, and I think it behooves us to provide for your consideration information that would hopefully be responsive to that concern and information that would indicate that the guaranteed loan program would indeed provide a sufficient level of loan volume to meet the needs of those who need to supplement the basic opportunity grant.

SBA CONCEPT

Senator **Stevens.** Let me ask you an unrelated question. I suggested once before that we examine the SBA concept of a small business investment corporation or their development corporation concept. Under this, you could inject some Federal money and have matching local money go into a sort of revolving fund to make available loans for students who could not obtain federally insured bank loans. Have you every given any consideration of some type of approach of setting up some revolving fund?

Mr. Muirhead. We have not given that serious consideration. We have, of course, until this time had the direct loan program to rely upon and I should report just to reiterate a point that I made a few minutes ago that despite the fact that we have no request for new federal capital contributions before you in fiscal 1974 there will be available $160 million in direct loans in the colleges and universities. That money coming from loans that are being repaid under the direct loan program which has been in operation now for 15 years.

LABOR PENSION FUND LOANS

Senator STEVENS. Do you know whether pension trusts can make these loans. And are any of the labor pension funds available for making uninsured loans?

Mr. SIMMONS. They can, not as a direct lender but we anticipate that we can purchase the paper and leave the liquidity for the commercial——

Senator STEVENS. They just want to administer the loans?

Mr. SIMMONS. Well, a pension fund generally is not equipped to get in the small loan business but they can invest in obligations.

Senator STEVENS. That is why I think there is a real opportunity to set up something like the SBIC to make the fund itself a viable alternative to the local banks or make available a lender in the areas where there are no banks. I think we ought to explore that more deeply.

Would you gentlemen excuse me? I have got to vote. I will be back.

[Recess.]

Senator STEVENS. Thank you for your indulgence.

Mr. Muirhead, you were on page 4 so would you continue? Senator Cotton and Senator Schweiker are here now.

COOPERATIVE EDUCATION PROGRAM

Mr. MUIRHEAD. Although the cooperative education program does not provide any funds directly to students, it does serve as an indirect source of financial aid as well as providing support to an important and growing academically related work-study program.

We are seeking an appropriation of $10,750,000 for cooperative education, the full amount of the authorization and the same as our fiscal year 1973 request. This amount will fund some 250 projects involving about 300,000 students.

As in fiscal year 1973, the emphasis will be on career education with at least 25 percent of the funds going to community colleges. Research and the training of faculty and other personnel will also be supported at a level of $750,000.

Under the heading of special programs for the disadvantaged we are requesting an appropriation of $70.3 million for the special programs for disadvantaged students, the same as our fiscal year 1973 request.

These funds will support 278,000 students. We are proposing to implement the newly authorized education opportunity centers at a level of $3 million. Each center will provide information and counseling services to all educationally disadvantaged low-income residents in its service areas, which are defined as areas with major concentrations of low-income families.

The centers may also provide tutorial services to students attending postsecondary institutions in their service areas and serve as recruiting and counseling pools for such institutions.

All four of the special programs for the disadvantaged, Upward Bound, Talent Search, Special Services in College, and the educational opportunity centers, will continue to emphasize career education and assistance to veterans, the Spanish-surnamed and American Indians.

Under the heading of institutional assistance, our institutional assistance effort is being concentrated on the developing institutions program for which we are asking $100 million, the same as our fiscal year 1973 request.

As in 1973, $52 million will be used to support the ongoing program benefiting about 500 developing institutions while $48 million will be concentrated on those developing institutions which appear to have the greatest potential for development during the next 3 to 5 years.

The purpose of this new initiative is to provide these institutions with large enough grants to permit them to achieve fully developed status within a 3- to 5-year period.

FULBRIGHT-HAYS PROGRAM

Support for foreign language training and area studies is being limited to the Fulbright-Hays program for which we are requesting $1,360,000, the same as our 1973 request.

Of this amount, $750,000 will fund 111 doctoral dissertation research fellowships in those areas and disciplines in which there is a shortage of well-trained specialists and $300,000 will be used to support 9 group research and training projects abroad for about 230 participants. The remaining funds will support a number of other activities related to this area.

Under the heading of "College Personnel Development," under this budget activity we are requesting funds for two programs which are new to the Office of Education.

We are seeking $500,000 for the Allen J. Ellender fellowships, the same as our fiscal year 1973 request.

As authorized by Public Law 92–506, these funds will be granted to the Close-Up Foundation of Washington, D.C. to help the Foundation carry out its program of increasing understanding of the Federal Government among secondary school students, their teachers and the communities they represent. The funds will support 1,500 fellowships to disadvantaged high school students and their teachers.

We are requesting $750,000 to support the effort of the Council on Legal Educational Opportunity, popularly known as CLEO, to increase the enrollment of members of minority groups in law schools.

This program was previously administered by the Office of Economic Opportunity. We will propose a legislative amendment which would permit the Office of Education to fund CLEO as it has been funded by the Office of Economic Opportunity.

Senator STEVENS. Is that the same level of funding that they had?

Mr. MUIRHEAD. Yes, sir.

That concludes the presentation of the budget requests for individual programs. We believe that the funding strategy represented by the proposed higher education appropriation will bring the opportunity for a post-secondary education within the reach of all Americans and will foster efforts by educational institutions to more effectively meet the needs of their students.

Our dedication to the achievement of this objective is demonstrated by the very large amount of money we have committed to it within the confines of a very tight Federal budget. I hope that this committee and the Congress will find it possible to support our budget request and the strategy it embodies.

Thank you, Mr. Chairman. My colleagues and I shall be pleased to answer any questions the committee may wish to ask.

BEOG PROGRAM

Senator **Stevens**. Senator Cotton, do you have questions you want to go into on the BEOG program?

Senator **Cotton**. Well, you have questions on the BEOG program. I have some questions that involve BEOG and student assistance in general that I want some answers to. I will defer to you, sir, if you have questions that are devoted to the BEOG program; I suggest you get them out of the way and then give me a chance to ask some general questions.

Senator **Stevens**. All right.

You said, Mr. Muirhead, the average award under BEOG would be about $600; will anyone get less under the BEOG program than they are presently getting under the EOG program?

Mr. **Muirhead**. Yes, they may very well get less under the BEOG program than under the EOG program because the BEOG program says that the maximum award is $1,400 but it cannot exceed one-half the cost of education. And it differs from the educational opportunity grant program in that respect.

However, the distinction in terms of the maximum grant available between the two programs is de minimis. The maximum under EOG is $1,500 and the maximum under the BEOG program is $1,400.

Senator **Stevens**. You have $11.5 million for administrative costs under the BEOG program. What was it under EOG?

Mr. **Muirhead**. Under EOG we did not actually request an appropriation request for administration but the institutions were permitted to use 3 percent of their allocations for administrative expenses. And our tabulation on that indicates that in the fiscal year 1973 or the academic year 1973–74 that the administrative expenses there would be a little over $6 million.

ADMINISTRATIVE ACTIVITIES

Senator **Stevens**. What actually are you going to use as administrative money under the BEOG program? Will that go to the institutions, will it go to you? Is it for computers or what?

Mr. **Muirhead**. It will be used for a variety of activities, but principally for the process of notifying the eligible clients, that we will have a direct communication with students and principally for responding to their requests for information as to what their family contribution might be.

And, a very large portion of the administrative expenses will be used in carrying out that service of communicating with students, responding to their applications, and providing them with information as to what their family contribution might be.

Senator **Stevens**. What about the institutions overhead under this system? You did allow them 3 percent under the EOG program, are they allowed any reimbursement under the program?

Mr. MUIRHEAD. There is no provision for institution assistance for administrative assistance under the BEOG program largely because the student will come to the institution with his financial need already determined and the institution then will have the responsibility of converting that family contribution to a grant according to a payment schedule which we will provide to the institution.

Senator STEVENS. Do you anticipate the costs are going to be about the same, $11 plus million per year under this new program?

Mr. MUIRHEAD. We expect that our administrative costs under the full funding, the request that we have before you, will run about the same.

FAMILY CONTRIBUTION SCHEDULE

Senator STEVENS. We have had some questions raised about this family contribution schedule and we discussed it earlier. We talked about the BEOG program previously before this subcommittee on the supplemental and you showed us a chart that laid out the contributions level. This is the one you have offered to put into the record for this hearing?

Mr. MUIRHEAD. Yes.

Senator STEVENS. That chart was in the record for the urgent supplemental. Has it been changed now?

Mr. MUIRHEAD. It has been modified. We did submit, Mr. Chairman, the family contribution schedule as the first order of establishing the regulations for the program to the Congress on February 1. And you know, we invited comment from all interested parties including the Congress. We have modified it by changing some of the procedures by which we measure assets or by which we tax assets for determining family contribution. Aside from that change it is basically the same procedure that was submitted and is in the record before you.

Senator STEVENS. Is there a gross income ceiling that is established under the BEOG? These figures stop at $20,000 I notice.

Mr. MUIRHEAD. There is no precise gross income ceiling but there is a reasonable expectation that the families in the $20,000 income bracket would not be eligible for BEOG unless under very unusual circumstances such as a very large family and multiple numbers of children in college or perhaps some catastrophic illness.

Senator STEVENS. I am going to have to talk to you about that in regard to Alaska and Hawaii—$20,000 in Alaska and Hawaii is the same as about $13,000 nationally, and I think we ought to consider that—that cost-of-living problem up there which runs at least 25 percent over the national averages.

Mr. MUIRHEAD. Yes, but I think, Mr. Chairman, that it would be well for me to share with you, too, that the family contribution schedule which we have arrived at this year doesn't represent the family contribution schedule forever. It is renewed and reexamined and presumably improved each year. And there will be opportunity for a reassessment of it on the basis of the request which we have before you. The family contribution schedule which is going to be operative for college year 1973–74 will apply only to the $122 million that was in the urgent supplemental.

Senator STEVENS. Thank you.

Senator Cotton, I don't have any other prepared questions.

LEGISLATIVE INTENT OF "ENTITLEMENTS"

Senator COTTON. I have two or three questions of a general nature. Now, back in August of 1971, during the consideration of the education amendments, after a conference with the budget officers of HEW who desired the guidance of the Congress, asked me to raise some specific questions on the floor of the Senate to get legislative intent.

At that time we were talking about—you may remember, the entitlements. It was one of those new—as Senator Javits is always talking about—new words of art that are constantly coming into the gobbledygook of legislative language.

What I was trying to find out was when you talk about entitlements for a student other than authorizations for appropriations for a student, whether that meant—for instance what it means when Congress provides that every disabled veteran shall receive *x* amount of dollars per month. If he is found to be disabled, it constitutes a claim on the Government and all the appropriations committee can do is to make an estimate of what will be required and fulfill it.

And so in this case I asked the question on the floor if the use of the word "entitlements"—which was a new word—meant that the student was entitled to so much, and if he didn't get it he had a claim against the Government for it, and whether we would be compelled to supply it in a supplemental or not.

Well, quite a lot of water has gone over the dam since that. This starts on page S-13547 of the Congressional Record for the Senate, August 6, 1971, and it runs over three pages. You people must have primed me with a lot of questions like when I was going to school, someone would make the spitballs and someone also would throw them.

I am going to hand you these pages from the Congressional Record and ask you, in concert with your colleagues including the budget officers, to bring this situation up to date.

You see, on the third page—earlier you discussed the special appropriation language which would allow a surplus of funds to be carried into the next fiscal year and the shortfall to be a first priority claim on the following year's funds while I was engaged in debate on the floor.

Well, with that point having been raised I wish you would review that debate of August 1971. I don't think the word "entitlements" is now being used—you change every year to keep us a little bit off balance on the use of the English language—but nevertheless in the light of the discussion that took place here earlier this afternoon, will you review that also and give us an idea so that we know where we are going?

If we are going to make an appropriation that doesn't cover what is expected to be covered for X class of students, with X income or X circumstances, are we going to have to meet that issue? We need a little more illumination about what exactly you are asking for regarding the language about carryover funds.

Can you along with your friend, Mr. Miller here, give us something that is worded so that the average sophomore in high school could comprehend it so that we can look it over and inform ourselves?

Mr. MUIRHEAD. We would be pleased to do that.

Mr. MILLER. Could we just say one thing, Mr. Chairman, that I do think ought to be said on the record now. And that is I think what we were asking you to establish on the floor last year was the very fact that you referred to as you began to discuss the subject and that is that it is not like social security benefits, where there must be as much money spent of the trust funds as there are legitimate claims made.

I think what we were asking you to do was to make the point that the law itself, the basic legislation does not provide an entitlement and the Congress must appropriate. Once the Congress has appropriated then you get into a more complex situation which we will describe on the record. But it is not uncontrollable; it does not take away away from the appropriations committees the basic function of determining what the appropriation will be.

And the question of what a student is entitled to does not take place until after the Congress has set the appropriated amount and that is not changed.

Senator COTTON. Well, then you have answered the question?

Mr. MILLER. Well, only partly; we have got more to do on the record.

CARRYOVER FUNDS LANGUAGE

Senator COTTON. [presiding]. The next thing is this language on carryover funds. This is one way it is awful easy for us to lose control of—and by control I don't mean we are trying to cut down on it—but we can quickly lose control of the budget when you get in a situation where first there is an ambiguity about the obligation, whether it is an obligation or whether it is just an authorization which we can fill part of or not. That you have pretty well settled now.

And the second is a matter of whether if you don't use it we have to reappropriate it for you for the coming year or whether you are going to carry these things over. That is what has gotten us into something of a mess in our foreign aid situation over the years. When I served on that committee, until I almost went crazy and got relief from it, you could call up every single person in the whole foreign aid organization downtown and ask each one separately without the others listening what there was in the pipeline. If I asked that question once I asked it a thousand times and you get just as many answers as you had people and they didn't any of them agree. So, I am always leery about these carryover funds.

Now let me just ask you a couple more questions.

DISCARDING PROGRAMS OF DIRECT LOANS

As I understand it, it was the purpose of the administration when we first began on these budgets to take care of school year 1973 in the first supplemental and the urgent supplemental, the second supplemental, and so forth, to really discard those three programs of direct loans to students, the work-study program and the equal opportunity grants—which went to the institutions.

As I recall it, the original idea was that all the slack would eventually be taken up by the BEOG; was it not?

Mr. Muirhead. That was the original idea.

Senator Cotton. Now, there was a change that instead of making that transition in one final swoop it was decided to limit the BEOG to the freshmen students instead of all students, and reduce the BEOG appropriation and continue the appropriations for these other three programs. Where did that come from, downtown or up here?

Mr. Muirhead. It certainly did not come from downtown: it came from up here. The administration's recommendations.

Senator Cotton. It came from the House of Representatives I am informed.

Mr. Muirhead. Yes; the administration's recommendation was quite straightforward, Senator Cotton, in that they requested a dramatic increase in the amount of money for grants under the name of basic opportunity grants.

Senator Cotton. And it was the administration's goal that every young American who wanted—really wanted a college education would get a chance at it as the appropriation would have been a matter of $1,400 or half of the college bills whichever was the lesser, right?

Mr. Muirhead. That is right.

Senator Cotton. And they wanted to make it universal, that is to hit the goal that we have always talked about and never attained of putting a college education in the reach of every American boy. And then it was first from the House, and then from the Hill, and we said, "Well, we will keep some of the old and some of the new." And what was that—$122 million; with the $122 million for BOGS that would mean that—even limited to the freshmen—instead of 1.5 million students it would be 450,000-plus, maybe, and the best they could hope to get would be oh, $300 or $400, or $500 or $600 instead of $1,400. But it was going to be supplemented by the continuation of these former programs.

Mr. Muirhead. That is right.

COLLEGE YEAR 1974–75

Senator Cotton. We are trying consistently, are we not, through supplemental appropriations and otherwise to appropriate ahead? So, we are really talking about the college year of 1975?

Mr. Muirhead. 1974–75.

Senator Cotton. Right, it starts roughly in September of 1974?

Mr. Muirhead. Yes.

Senator Cotton. What is your aim now in the point that I just raised?

Mr. Muirhead. We are returning to you now, sir, with precisely the same aim that we had last year; only this time we are coming to you asking for a basic opportunity grants program that according to our best estimate would fully fund the basic grant program.

We are asking for $959 million for basic opportunity grants as compared with $622 million.

Senator Cotton. That you asked for before?

Mr. Muirhead. The last time we appeared before you.

Senator COTTON. Have you increased the amount of your estimated students above 1½ million?

Mr. MUIRHEAD. No; we have remained quite consistent Senator Cotton, in saying that about 1½ million students represent the population that would be eligible for basic opportunity grants. But what we have done is to request an increased appropriation from you that would enable us to pay a higher average grant and a higher maximum grant than would have been the case for the $622 million.

Senator COTTON. I suppose it is as true today as it was much more true in my day that not all eligible students are really imbued with a great enthusiasm for college education; right?

Mr. MUIRHEAD. Quite right.

Senator COTTON. Is it the program and policy of the Office of Education to go around and evangelize the students, or are you leaving that more or less to the counselors and others in the secondary schools and trying to get enough money to take care of those who really want it?

Mr. MUIRHEAD. We are doing——

Senator COTTON. Both?

POSTSECONDARY EDUCATION

Mr. MUIRHEAD. Precisely what you indicated should be done by pointing out that a college education is not for everyone. But we are saying and the Congress has very significantly supported this concept by the passage of legislation last June, the Educational Amendments of 1972 by saying that we should be talking about postsecondary education including the whole variety of training opportunities.

Senator COTTON. You mean like technical training?

Mr. MUIRHEAD. Technical training, community colleges, vocational institutions, preparatory schools, as well as colleges and universities.

Senator COTTON. Just two or three more general questions and then I will yield to you, Senator Schweiker.

Dr. OTTINA. I wonder if I might just make one point before you proceed. We have talked about the $959 million, I am sure you recognize the estimate. We have to estimate the number of students that are going to apply; we have to estimate what college or university or school postsecondary that they will go to, and we have to estimate their family contribution schedule.

Our estimate at this time is that they will provide the maximum allowable for each and every student under the provisions of this law. And I am sure you understand that this law requires that the old program be funded first.

We have asked for language on that in that regard and we want you to consider it in that light.

Senator COTTON. The basic law would have to be changed on at least two of the old programs or we are almost compelled to appropriate something for them.

Let me ask you this, if student A and student B, each of whose fathers have the same income and it is low enough so that they would be eligible for help.

Student A wants to go to Harvard and student B is willing to go the new Smithtown College in Podunk where the tuition is much less—

probably many other institutions are much less, although I don't know if Harvard is the highest cost in the country, but nevertheless, just using that as an illustration how do you equalize this thing? How can you be fair if we adopt this very worthy aim which appeals to me of trying to cut off some of these various side issues and launching a program aimed for an educational opportunity for every boy in the country that really wants it.

How are you going to equalize that sort of thing? How do you visualize that?

Mr. MUIRHEAD. Let me answer your question by giving an example. Student A and student B from families with about the same family income strength, and student A elects to go to a publicly supported institution where the tuition is less, and student B goes to a higher, of course, private institution. But, let's presume that the higher cost private institution runs as high as $3,800, which is not unusual today, and that student A elects to go to a publicly supported institution which for the purposes of my illustration costs $2,000. If both students come from families with particularly strong financial need so that they would qualify for the maximum award of $1,400, then student A who attends the lower cost institution would be restricted by the language and the law to one-half the cost of education in that institution. So that instead of receiving the maximum award which his family income might make him eligible for, he would receive one-half of the cost of the institution which would be $1,000.

Senator COTTON. Who would get more?

Mr. MUIRHEAD. Student A would get $1,000; Student B whose family also would qualify for the $1,400 would not get one-half of the cost of the high cost institution which I used in my illustration as being $3,800, and one-half being $1,900. Student B would get $1,400.

ROUGH JUSTICE

What happens is kind of rough but it is rough justice. The student going to the high cost institution will get $1,400. It doesn't take them all the way by any means. The student going to the low cost institution will get $1,000 but he is closer to meeting the total cost.

Senator COTTON. Yes, but aren't there other factors to be considered, and very serious factors besides justice between students. Now, you can't have a nation of college educated youth or opportunity for college educated youths unless you have the institutions.

Mr. MUIRHEAD. Right.

Senator COTTON. Now, I am quite familiar with my own section of the country where whenever we have a war and out of the war comes men—boys—young men with money for educational purposes—the GI bill. Now that has caused in many cases new institutions, small institutions to be sure to spring up because here we have a bevy of people coming back with eligibility for money in their pockets from the Government to get themselves a college education.

And rather happily in my own state I think we have had five or six or seven of those institutions that have grown and prospered—reasonably prospered at least in the service they render to the community. I don't know that they prospered financially very much, but they have grown and taken root and become permanent. And you get all these extra institutions.

EXTRA SACRIFICE AT IVY COLLEGES

Now, every boy who has got his eye set on Harvard, far be it from me to decry ambition—but on Harvard, an ivy college, or Notre Dame or some other college, and he is only going to be happy if he goes there, hasn't he got to make a little extra sacrifice?

Rather you see, when you cut down—when more young people are content to go to small private colleges without big reputations or to State supported or public supported institutions, you make the money go a lot farther—it seems to me we have got to find some way to support these colleges.

I think that perhaps the President's great ambition for more revenue sharing is conceivable—that is if we got control of the public expenditures and had some revenue to share—then it is quite conceivable that you could almost get from that enough to take care of elementary and secondary education by putting it into the States and communities so they could take care of it.

But revenue sharing is never going to take care of the higher institutions in this country and almost all of them are in trouble.

I happen to be a trustee of a couple of small ones, and believe me, they are in trouble. Now, you have got to do something with those institutions, and you are discouraging—at least you are making things more difficult for the new growing institutions trying to get their feet on the ground when you give the financial advantage to the fellow who wants to go to Harvard and Yale rather than the fellow who wants to go to one of those institutions.

And there is another thing to be borne in mind, and this has impressed me—forgive me, but I just have to shoot off this afternoon—because the last few weeks have caused me to feel very strongly about this. I remember through the years sitting on this committee that we have had imminent educators, professors, heads of departments from some of the greatest colleges in this country come before this committee and testify about education. They were beautiful, beautiful theories and they used technical terms that none of us could comprehend. And one year, and this was while our beloved friend, Senator Hill, was chairman of this committee, I began to ask those fellows how many of them had been doing any teaching. And you know, I discovered that there was hardly one of those fellows that came before this committee year after year with all these wonderful, glowing, high-sounding harangues about education that had appeared before a class in 10 years. They were writing books or they were traveling around lecturing, or they were in some organization of educators to come and lobby the Congress.

I have been pretty broadminded in that I let those demonstrators back through the war days, when they demonstrated for this, that and the other, come to see me, I made up my mind then that you could stop all the fighting in Indochina, including Cambodia tomorrow—you could have perfect peace throughout the world, but you still would have these college students coming down here and demonstrating.

Why? Because they come from the big institutions; they never see a faculty member, a top-notch faculty member. Their classes that they are in are taught by instructors not much older than they; all the big shots are out lecturing around the country or writing books.

And they find themselves a cog, a very little cog in a great big machine. And one way of satisfying their frustration is to think up something to go out and raise hell about and blame on the Government.

LIBRARIES PROGRAM

Now, you haven't got a cent for libraries, have you?

Mr. **Muirhead.** We are not suggesting that it be supported——

Senator **Cotton.** Not even $2 million for braille books and for the blind—reading matter for the blind, talking books and that sort of thing that has been in the libraries?

Mr. **Muirhead.** That particular program is supported through the Library of Congress, Senator. Our responsibility for that program is to see that the materials are distributed.

Senator **Cotton.** The Library of Congress money produces the books and HEW is supposed to distribute them?

Mr. **Muirhead.** Yes.

Senator **Cotton.** Do you have money in the budget to distribute them?

Mr. **Muirhead.** Yes, Senator Cotton, as I replied a moment ago the responsibility for preparing the publications rests with the Library of Congress and the State library program makes provision for part of those resources to be used to distribute them—the materials.

And about $2 million of the amount that these States have used for their library program has been used for the purpose, to distribute them.

Senator **Cotton.** Of course we spend a lot of money on colleges; we give them a helping hand through the Institutes of Health and all kinds of contracts and research. But, you can't just take care of the student and think that that is going to take care of the institutions, can you?

Mr. **Muirhead.** No.

PART-TIME WORK

Senator **Cotton.** Just one more question and I will get out of the way. And I apologize to you, Senator Schweiker.

I heard a terrible argument over the television the other night—and I use the word "terrible" advisedly because I thought it was one of the craziest arguments I have ever listened to on both sides. It was at least spirited and was about this matter of part-time work that developed in Antioch as I remember it in my day where a student worked in a factory 6 months and then in a classroom 6 months. This was between some of these great educators that haven't been in the classroom since I was 50 years old, which was a long time ago.

Some of them said that that was for the birds and others said that it was one of the great solutions. What do you say?

Mr. **Muirhead.** Well, we believe the cooperative education, which is the program that you are talking about is a very significant program and the very best evidence of our belief in that is that we are asking for it to be maintained in this budget at a level of $10.7 million, which as you may recall, Senator, we asked in fiscal 1973 to move that from $1.7 to $10.7 million. So, you get some indication as to how valuable we think it is.

Senator Cotton. You keep it right where it is but then when you say "significant," that is another one of those words of art. When you say significant, you mean it is good? Do you mean that if you were in that fight on the television you would have been on the side that we must encourage more of that?

Mr. Muirhead. Yes.

Senator Cotton. All right.

Mr. Muirhead. May I respond a little more directly to your question, because we are requesting that in fiscal year 1974 it be maintained at the same level as fiscal 1973. But the important point is that in fiscal 1972 we supported that program at $1.7 million and increased it dramatically, probably the highest percentage increase of any item in the budget to $10.7 million and are maintaining that level in 1974.

Senator Cotton. Thank you.

TALENT SEARCH PROGRAM

Now, in addition to the part-time work you have got the so-called Trio programs: Talent Search, Special Tutoring Services and Upward Bound. Now, tell me about Talent Search quickly.

Mr. Muirhead. I would be pleased to tell you about Talent Search and I would like to call upon our Dr. Leonard Spearman who directs that program.

Dr. Spearman. Senator Cotton, the educational titles—this program was authorized in 1966 as one of the programs designed to encourage low income qualified youth to pursue postsecondary education.

Approximately 100 centers are established throughout the country and in Alaska, Hawaii and Puerto Rico which seek to identify approximately 128,000 students per year.

Last year that program alone was responsible for encouraging about 28,000 low income youths to pursue postsecondary education in about 1,400 institutions. These were both attacked, as well as 2-year and 4-year institutions of higher education. We are recommending a continuation of that program, as you are aware because it has been one of the most effective ways both for working with rural as well as urban young people, and with all of the ethnic groups in the country.

Senator Cotton. What you mean is that there are undoubtedly a large number of young men and women in their country of various minority groups, who from time to time because of their economic conditions and other factors don't dream that they have the talent to go to college, but a certain portion of them could.

Dr. Spearman. And a lot of them don't receive information regarding the opportunities.

Senator Cotton. But they are getting more and more information—I am not sure that it is always good information because I have seen some operate—but more and more from high school and secondary school counseling.

Dr. Spearman. Right.

SPECIAL TUTORING SERVICES

Senator COTTON. Now, how different is the Special Tutoring Services? Those are for students in college?

Dr. SPEARMAN. Who are enrolled and accepted in an institution of higher education.

Senator COTTON. Do you know what I mean by the ABC program? We have got one, incidentally, that is right on my street at the next house to mine, and there are some fine kids there, too, and I get along fine with them. We have a couple of people in the community that said it was going to reduce the value of their property, and if you want to get a Yankee mad, well, you reduce the value of his property, but it didn't.

They are being tutored to get into college so that they will go in without having a handicap. They are going to the high school and they are having some of the younger Dartmouth instructors and students which is only five miles away to come down and tutor them so that they will start college on a reasonably even keel with those that came from the rich homes and what not.

Now, if enough of that is done what is this tutoring service within the college?

Dr. SPEARMAN. Senator Cotton, the ABC program or A Better Chance program is a slightly different program from the Special Services program. ABC is funded under the Upward Bound legislation and permits that organization to identify high school youths from disadvantaged backgrounds who could well succeed in many of these institutions, and so they are brought into Boston, into New York and to other places and are placed in prep schools at the secondary level so that they can compete on an even keel with the Harvard, the Yale and the other institutions so that these young people get in.

Special Services, on the other hand——

Senator COTTON. Now this tutoring is ahead of college?

Dr. SPEARMAN. Yes, sir, it occurs at the secondary level. They are recruited to live in with the people.

Senator COTTON. Well, what is the difference between the two programs; they deal with the same people, at the same age, and under the same circumstances?

INSTITUTES MODIFIED ADMISSIONS POLICIES

Dr. SPEARMAN. But the Special Services program—they are a large number of institutions that have modified their admissions policies to accommodate minorities and others who cannot succeed well.

Senator COTTON. I understand that, but isn't that going to disappear? In other words, it is perfectly right that young people who have been disadvantaged, came from ghettos, came from unfortunate conditions—we drop the requirements and let them in the college and try to help them get through. Sometimes we didn't hold them up on the marks to the same standard that the colleges held up well prepared students.

Now, I think that is thoroughly justified temporarily, but not permanently. Now, what do you say to that?

Dr. SPEARMAN. Well, this is the reason for Special Services legislation as opposed to Upward Bound.

Senator COTTON. I don't say you should stop it now but it isn't going to be a continuing thing, is it?

Dr. SPEARMAN. No, sir, it has not been.

Senator COTTON. All right.

CONSTRUCTION NOT HIGH PRIORITY

Now, just one more question and then I am all done. In this budget that you have here, it is almost—I won't say almost all, but it is heavily aimed at the student. There is practically no construction in it.

We have got 89 medical schools that are all in terrible difficulty—some more than others, two right in this city that may go to the wall if they don't get some help very quickly. I refer to both Georgetown and George Washington, two of the oldest and finest schools in the country.

Those six institutions that were moving from 2-year courses to a 4-year course, we gave them some commitments, I think, moral commitments. And then you have got your colleges that are in trouble, due to the new policy on taxes, the foundations are not producing as much money or giving as much to them.

Now, what you have got in this budget—I grant you, the first thing is to help the student, but he has got to have a place to go. What have you got for some of the institutions?

Mr. MUIRHEAD. Let me respond to the first part of your question concerning the fact that this budget does not contain a request for construction.

As you know, Senator Cotton, we did support during the 1960's a very extensive program to help build higher education facilities. It is generally acknowledged that insofar as the support of undergraduate students is concerned that the need for additional higher education facilities is not a high priority at this time.

Our budget does not cover, of course, health services or the building of additional health facilities.

Senator COTTON. You have to have a lot of equipment, though.

Mr. MUIRHEAD. But what this budget says in effect, Senator Cotton, is that the first and overriding priority is to make it possible for all young people to have the ability to continue their postsecondary education. And, in a very stringent budget year, it provides a significant increase for that priority.

You mentioned in your remark, Senator, that there was need for helping institutions. There is indeed need for helping institutions and institutions must get their support from many sources. There is need for continued State support; there is need for continued private giving; there is need for continued foundation support.

Our budget selects the priority of opening up opportunities for young people beyond the high school and provides—you know—the highest commitment that the Federal Government has ever made to that priority.

Senator COTTON. I recognize that.

Mr. MUIRHEAD. And indeed insofar as private higher educational institutions are concerned, it in some measure provides aid to those institutions because they have had to use a good deal of their own private resources.

TUITION FEES LESS THAN COSTS

Senator COTTON. But in most of those institutions every single student, even if he comes from a rich home and pays all of his tuition and all of his various charges, they lose money on every single student—most of them.

Mr. MUIRHEAD. You are quite right, Senator Cotton, in that the tuition charged by institutions, private institutions, even though it has of necessity been rising during recent years, falls very far short of the cost of education, in some instances relatively no more than 30 or 40 percent of the actual costs.

Senator COTTON. So that if you constitute on this issue here, you have got to find some way to make sure that if you open up this opportunity to our youth, that there is going to be a college somewhere that they can go to.

Mr. MUIRHEAD. We certainly must see to it that there are training opportunities.

Senator COTTON. But you are going to wait for a year or two before you really get into that; you are going to wait until you get some more money?

Mr. MUIRHEAD. Yes, and I think the point that I would like to make is that student assistance provides, in a rather substantial measure, institutional assistance for private higher educational institutions who have been using their own resources many times to help young people from low income backgrounds to meet the costs of attending their institutions. And, insofar as this Federal assistance will relieve them of the obligation, they can get and use those resources for other purposes.

Senator COTTON. Thank you. I am sorry to keep you so long.

Senator SCHWEIKER. OK. Thank you.

BUDGET CUT FOR DISTRIBUTION OF THE BLIND MATERIAL

I understand you are cutting out $2 million in the budget for the distribution of the blind material, is that right?

Mr. MUIRHEAD. We do not have a request in our budget for support of the public library and construction program that does include in some States' moneys for the distribution of blind materials.

Senator SCHWEIKER. Under your concept who will do this, who will distribute the material to the blind?

Mr. MUIRHEAD. We have said in support of our recommendation for not funding the library program that there is now available to the States general revenue sharing in which libraries can participate. And our reply, Senator, is that in those States that place a high priority upon that particular service, that they can then call upon the special revenue sharing funds.

Dr. OTTINA. Senator Schweiker, this item has come up several times in the last couple of days, and just so the record is clear, the money that we are talking about comes under appropriations for the Library Services and Construction Act. It is a State grant formula; it is in title I. Our 1973 appropriation was $30 million and some of the States have chosen to spend some portion of it to support the aspects that we are talking about, an aggregate that turns out to be about $2 million. There were decisions that were made by the local units to use funds for this purpose, but we did not have a $2 million line item for distributing the material.

Senator **Schweiker**. Well, I remember we had the National Blind groups before our Legislative Appropriations subcommittee pleading for help because they felt they were being deserted; or that was their feeling.

It is fine to say revenue sharing in States ought to do it but it just seems to me that maybe we ought to have a little higher priority for that kind of need as opposed leaving it to whether or not the States are going to pick it up. These groups are obviously deeply concerned that they won't pick it up.

INSTITUTIONAL AID FOR VETERANS

Also, I gather you have no $25 million in here for institutions—to institutional aid for helping the Vietnam veteran participate in the GI program, is that correct?

Mr. **Muirhead**. We do not have a request in fiscal year 1974 for that.

Senator **Schweiker**. What is the rationale for that considering that we have a tremendous problem of getting our GI's back to school and since the institutions have strongly asked for this kind of aid, and in view of the high unemployment rates it would seem to me that this administration should have this as one of the highest priorities. Why does it have such a low priority?

Mr. **Muirhead**. We have placed a higher priority, Senator, on our basic opportunity grants program for which Vietnam veterans are eligible. We have felt——

Senator **Schweiker**. Wait a minute, they are in the GI bill.

Mr. **Muirhead**. Yes, but they nevertheless can obtain a basic opportunity grants program if the cost of education is such that they need it in addition to their GI bill.

The $25 million that you referred to as not being in this budget would not provide any support directly to students. It was a program designed to provide assistance to institutions.

We have felt, in not requesting funding for that program that: one, the legislation itself seemed to reward institutions that had not made an effort to help veterans in prior years more than those who had made an early effort. That is, only those institutions would be eligible that could indicate that their support was 110 percent over what it was the previous year. The less an institution had done in the past, the easier it would be to qualify. Second, we are not of the opinion that that amount of money could be used to any significant advantage among institutions of higher education. Indeed, the amount per student if you consider the number of qualified institutions would run into about $30 per student.

Senator **Schweiker**. Well, looking at the record of where the Vietnam veterans have enrolled, the greatest increase in schools other than college was some 17 percent over the preceding year and yet the college trainees increased only three percent. I couldn't see a much better case for need than just the fact that veterans are not going to college in such great numbers, and the colleges say that they need a special kind of program to help orient veterans toward college and to have them participate. But I gather you figure it is hopeless at this point, is that why we are not doing it?

Mr. MUIRHEAD. We obviously have reached a conclusion that that is not as high a priority as some of the other items which are on the budget.

Senator COTTON. You have reached that, or the Bureau of the Budget?

Mr. MUIRHEAD. No; I think it is fair to report that the support for such a program as we have just reported to you—Talent Search, Upward Bound, Special Services for the Disadvantaged—those programs really would provide a much better service in terms of extending educational opportunity than this very narrowly focused program of college education to veterans.

Similarly, we felt, too, in developing this budget that the money that would be directed toward insuring that every young person would have an opportunity for postsecondary education, that that was a higher priority than attempting to supplement assistance to institutions. Whereas, I pointed out before, the money does not go directly to the veterans.

ETHNIC HERITAGE STUDIES

Senator SCHWEIKER. What about funding for ethnic heritage studies? At one point I know the Department had recommended last year some $7 million for ethnic studies and somewhere along the way at OMB or somewhere else it was dropped. What is the Department's position on ethnic heritage studies funding?

Mr. MUIRHEAD. Our position on that, as it is with a number of other programs, is that with the amount of resources available for the support of higher education this year, that that was not as high a priority as the programs that we are asking to be funded.

Senator SCHWEIKER. So you have no request in for that?

Mr. MUIRHEAD. We have no request in.

Senator SCHWEIKER. At one point I had written to the Commissioner and he told me that they were awaiting a meeting of the top people and that they were going to determine their request based on an exploratory meeting with the top leadership in the ethnic studies field.

Now, have we totally abandoned that program and was the letter he sent me in that regard not applicable, or erased, or lost?

Dr. OTTINA. I think erased is perhaps the best adjective that you used in describing it. We were indeed, as you pointed out, at one stage contemplating requesting, $7.5 or it might have been seven million dollars for this particular program.

We at that time were not fully cognizant of the amount of resources that would be allocated to education, and as we got into making the critical trade-offs we felt that this was a program that we could not justify starting in view of the other demands on our very scarce and limited resources, so we elected and agreed with the rest of the Department and OMB that we should not follow that request.

Senator SCHWEIKER. Thank you. I am going to have to leave.
Senator COTTON. Thank you.

CONTINUING EDUCATION FACILITIES

Last year this subcommittee asked that the Commission of Education submit a report on the need for continuing education facilities. To my knowledge that report still hasn't arrived here. Is it your intention to ignore this request in the hope that we would forget about it?

Dr. OTTINA. The answer is no, sir.

Senator COTTON. When is it coming?

Dr. OTTINA. The report is somewhere in our shop and as you can tell by the whispering that occurred at this table, it will, I am sure, be forthcoming within just a matter of days, at the most a couple of weeks.

Senator COTTON. Thank you.

Mr. HERRELL. It has been completed?

Dr. OTTINA. Yes, it has been completed.

Senator COTTON. The budget proposes to phase down or eliminate most of the other student aid programs in HEW like health profession research and social workers and nursing. The effect of your proposal would seem to make the students compete for financial aid. Do you have any way of tracking the money to make sure that certain professionals aren't getting overlooked?

Mr. MUIRHEAD. It seems to me, Senator, that we would just have to take a little issue with the point that our proposal brings students into competition with each other.

Our proposal for support of the basic opportunity grants program makes it possible for all eligible students to participate in that program and leaves to the student the freedom of choice as to what his program of studies will be.

Senator COTTON. Well, your basic opportunities program isn't just devoted to the liberal arts?

Mr. MUIRHEAD. By no means.

COMMUNITY COLLEGE STANDARDS

Senator COTTON. It takes in technical schools, it takes in community colleges. Incidentally, some community colleges are really colleges and some community colleges are just—I dont know—a sort of dramatic performance that imitates a college. Now, do you have some standards on those?

Mr. MUIRHEAD. Community colleges, many of them provide a comprehensive program, Senator Cotton, which serves the needs of a vast variety of interests on the part of the students. Some of the students pursuing a program will be transferred to a 4 year institution leading to a degree—many of the students pursuing programs that are terminal in nature after 1 year or 2 years. But the important thing for me to report to you is that the basic opportunity grants program as indeed all of the other student aid programs are available to students in a wide varitey of postsecondary training opportunities.

Senator COTTON. But I know some community colleges that really are a substitute for at least the first 2 years in a good college. I know others where I read the curriculum and there are a lot of adults going to them and they are learning to crochet and knit and make—what are these objects that you mold out of plastic or something—all kinds of crazy things, you know, finger painting and all that stuff.

I don't think that Government money is going to improve the standards of the human race much in the latter case. Do you pay any money here? Can anyone get any money to get to that sort of thing?

Mr. **Muirhead.** Senator Cotton, the community college—a comprehensive community college is required to be accredited in order to participate in the program just as any other——

Senator **Cotton.** And it can't be accredited unless it teaches the real fundamental subjects?

Mr. **Muirhead.** It cannot be accredited unless it offers programs of sufficient quality to warrant the education of these young people, whether——

Senator **Cotton.** You aren't talking my language; you aren't talking my language. I meant it may be wonderful teaching them to make plastic dolls, maybe it is very well taught and they may be beautiful dolls but that doesn't take the place of mathematics.

COMMUNITY COLLEGE SERVICES

Mr. **Muirhead.** Let me talk your language then, Senator Cotton. What I was trying to say was that a community college can indeed serve the adult population. A community college can indeed serve young people without seeking a baccalaureate degree, but those programs are sufficient programs to warrant support. But a community college that offers programs in finger painting or the type of thing that you just described, those programs would not be eligible for support.

Senator **Cotton.** Fine.

Mr. **Muirhead.** But I would not want to leave you with the impression that community colleges cannot and do not support adult education and support it very well indeed.

Senator **Cotton.** And you help them. You heard him, we help them. And then if I decide not to run next year can I go back to Lebanon and take a course in making candlesticks and things and get a little dough to help me so I can have something to do? I am not being entirely facetious, is there any age limit on whom you use this money for?

Mr. **Muirhead.** No, Senator Cotton, the community college can indeed offer adequate programs, quality programs for retraining adults. And an adult perhaps who finds that his job—that he no longer has the training for a new job, can return to the community college and get retraining so that he can get a job.

Senator **Cotton.** But you are going to need every single cent that we can squeeze out of the Treasury in the next few years to train young people in colleges?

Mr. **Muirhead.** Right.

RETRAINING PROGRAMS

Senator **Cotton.** And right now, I had someone find for me, we have got 31 retraining programs running through the Department of HEW, the Department of Agriculture, the Department of Labor, the Pentagon—through a dozen departments and some of them—they aren't all exactly duplications. Some of them train somebody who is out of a job who has been a miner and they train him to raise strawberries. And others train people who do not have the education to qualify and teach them to be plumbers. But, I think if you mix this basic opportunity grant program up and you do use any of it for that, you are just dissipating your funds, you are just not heading straight at the mark.

Mr. **Muirhead.** Well, you can rest assured, Senator Cotton, that the vast bulk of this money will be directed toward young people who are seeking postsecondary education.

Senator **Cotton.** What would you say if we wrote in there that all of it had to be?

Mr. **Muirhead.** I don't think that would be a good thing to do.

Senator **Cotton.** Why not?

Mr. **Muirhead.** I do think there should be made available an opportunity for people to return into the education stream to retrain themselves for a better job, for a better opportunity.

I think, however, that we are sort of chasing the will-of-the-wisp here because in almost every instance when an adult would return for retraining he would have great difficulty qualifying for a basic opportunity grant in terms of the financial needs.

Senator **Cotton.** His father wouldn't be living in——

Dr. **Ottina.** There are three aspects as we have discussed, limiting this very much. One is they must meet financial tests. Second, it is only available for an undergraduate. And third, he must attend an accredited institution.

The combination of those three tasks really focuses it.

Senator **Cotton.** Well, that takes care of it then; I can't go back and take that course because my income is too high.

I believe this concludes it now. Does this take care of it?

Thank you. I didn't mean to be unduly critical. I just wanted to use this opportunity to go over with you the things that have been on my mind over the last several weeks.

JUSTIFICATION

The justification for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

For [an additional amount for] carrying out to the extent not otherwise provided, titles III, IV, section 745 *of title VII*, [and part] *parts* B *and D*[1] of title IX *and section 1202*[2] of the Higher Education Act, [title VI of the National Defense Education Act,][3] as amended, the Mutual Educational and Cultural Exchange Act of 1961, *Public Law 92-506 of October 19, 1972*, and the Emergency Insured Student Loan Act of 1969, [$1,119,510,000] *$1,747,914,000*, of which amounts reallotted for college work-study program grants shall remain available through June 30, [1974] *1975*, [of which not to exceed $48,000,000 of the $100,000,000 for strengthening developing institutions shall be available through December 31, 1973, $622,000,000][4] *$959,000,000 shall be* for basic opportunity grants (including not to exceed $11,500,000 for administrative expenses), of which [$610,500,000] *$947,500,000* shall [be] available [for payments] through June 30, [1975] *1976*,[5] [notwithstanding the provisions of section 411(b)(4) of the Higher Education Act,][6] and the following amounts shall remain available until expended: [$30,000,000] *$310,000,000* for subsidies on guaranteed student loans [(in addition to amounts appropriated for this purpose by the Supplemental Appropriation Act, 1973),][7] and [$14,069,000] *$31,425,000* for annual interest grants on subsidized construction loans: *Provided*, That [the aggregate amount of contracts for annual interest grants entered into between July 1, 1972, and June 30, 1973, shall not exceed $150,000,000:][8] *funds appropriated for basic opportunity grants may be paid without regard to section 411(b)(4) of the Higher Education Act, as amended:*[9] *Provided further, That amounts appropriated for basic opportunity grants shall first be available to meet any insufficiencies in entitlements resulting from the payment schedule for basic opportunity grants published by the Commissioner of Education during the prior fiscal year:*[10] *Provided further*, That any amounts appropriated herein for basic opportunity grants in excess of the amounts required to meet the payment schedule published for any fiscal year shall be carried forward into the next fiscal year.

[For carrying out, to the extent not otherwise provided, title I, parts A, section 420, B, and E of title IV, and section 1202, of the Higher Education Act, as amended, section 506(b) of the Education Amendments of 1972, the Emergency Insured Student Loan Act of 1969, as amended, and sections 400, 404, and 421 of the General Education Provisions Act, section 207 of the National Defense Education Act, section 22 of the Act of June 29, 1935, as amended (7 U.S.C. 329), and S.J. Resolution 265, $577,500,000, of which $25,000,000 shall be for Veterans Cost of Instruction payments to institutions of higher education, and $215,000,000 to remain available until expended shall be for subsidies on guaranteed student loans: *Provided*, That the funds to carry out S.J. Resolution 265 shall be available only upon enactment of authorizing legislation.][11]

Explanation of Language Changes

1. Part D of Title IX authorizes fellowships for disadvantaged.

2. This is included to permit Federal funding of State Post Secondary Education Commissions to the extent indicated by the budget request. The authority was in the October appropriation for Higher Education and, therefore, not needed in the January request for additional 1973 funds.

3. Title VI of the National Defense Education Act, centers, fellowships, and research, under foreign language and area studies, is not being funded in fiscal year 1974.

4. The 1973 language includes a special provision to allow additional time for obligation of the Higher Education Act Title III funds for the new initiative. That provision will not be needed in 1974.

5. Funds appropriated during 1974 initially will be for grants during academic year 1974-75, but amounts not needed to meet requirements of the payment schedule during that year would be available in grants during 1975-76 (See Footnote 10).

6. The proposed 1974 language covers this in a proviso. See note.

7. This provision does not apply to the 1974 appropriation.

8. No new loans are to be contracted for in fiscal year 1974.

9. Section 411(b)(4) requires that certain amounts must be appropriated for other programs before any payments are made for basic opportunity grants. This proviso would waive that requirement.

10. This proviso and the one that follows are included to simplify the administration of the basic opportunity grant program. This language would overcome the requirements of Sec. 411(b)(3)(B)(iii) of the Higher Education Act.

Current plans are to issue a single payment schedule early in the Spring which is based upon the appropriation for this program. A single schedule is being proposed in order to provide a measure of certainty and stability for both students and institutions of higher education. The publication of a single payment schedule would, however, require dealing with the problem of either having too little or too much appropriated to meet the requirements of the schedule. It is proposed that the potential shortfall or surplus be dealt with by including language in the appropriation bill which would allow a surplus of funds to be carried into the next fiscal year and a shortfall to be a first priority claim on subsequent year funds. It is expected that these adjustments will be relatively small, but they will permit the publication of a single schedule rather than constant or frequent schedules throughout the year either having to take away funds already promised to students or to give them additional small amounts because additional funds become available.

11. This was a 1973 supplemental appropriation.

Amounts Available for Obligation

	1973	1974
Appropriation (annual)......................	$ 577,500,000	$1,747,914,000
Appropriation (permanent)..................	2,700,000	2,700,000
Proposed rescission........................	44,300,000	---
Proposed amendment.........................	*1,119,510,000	---
Subtotal, appropriations...............	1,655,410,000	1,750,614,000
Comparative transfer to		
"Salaries and expenses"..................	38,000	---
"Postsecondary innovation"...............	10,000,000	---
Subtotal, budget authority.............		
Unobligated balance, start of year..........	53,403,185	1,889,053
Unobligated balance, end of year............	-1,889,053	-316,824
Total, obligations.....................	1,696,886,132	1,752,186,229

* On a comparable basis the proposed amendment is $1,119,502,000, since $8,000 of the proposed amendment is for the Developing Institution Advisory Committee which is included in the 1974 estimate for Salaries and Expenses.

Obligations by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(a) Grants and work-study:			
(1) Basic opportunity grants.	$ 622,000,000	$ 959,000,000	$337,000,000
(2) Supplemental opportunity grants................	828,401	---	-828,401
(3) Work-study..............	252,784,540	250,000,000	-2,784,540
(b) Cooperative education.........	10,750,000	10,750,000	---
(c) Subsidized insured loans:			
(1) Interest on insured loans..................	245,000,000	310,000,000	+65,000,000
(2) Reserve fund advances....	1,945,000	1,572,229	-372,771
(d) Direct loans:			
(1) Federal capital contributions.................	309,600,000	---	-309,600,000
(2) Loans to institutions....	1,970,000	---	-1,970,000
(3) Teacher cancellations....	5,000,000	5,000,000	---
Special programs for the disadvantaged:			
(a) Talent search.................	7,000,000	6,000,000	-1,000,000
(b) Special services in college....	26,000,000	23,000,000	-3,000,000
(c) Upward bound..................	42,331,000	38,331,000	-4,000,000
(d) Educational opportunity centers	---	3,000,000	+3,000,000
Institutional assistance:			
(a) Strengthening developing institutions................	99,992,000	99,992,000	---
(b) Construction:			
(1) Subsidized loans.........	31,425,191	31,425,000	-191
(2) State administration and planning...............	3,000,000	---	-3,000,000
(c) Language training and area studies.....................	2,360,000	1,360,000	-1,000,000
(d) University community services.	5,700,000	---	-5,700,000
(e) Aid to land-grant colleges:			
(1) Lump sum payment - Virgin Islands...............	6,000,000	---	-6,000,000
(2) Permanent appropriation (Second Morrill).......	2,700,000	2,700,000	---
(f) State postsecondary education commissions................	---	3,000,000	+3,000,000
College personnel development:			
(a) College teacher fellowships...	20,000,000	5,806,000	-14,194,000
(b) Allen J. Ellender Fellowships.	500,000	500,000	---
(c) Fellowships for disadvantaged.	---	750,000	+750,000
Total..................	1,696,886,132	1,752,186,229	+55,300,097

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Average paid employment...........	1		-1
Personnel compensation:			
Positions other than permanent..	$ 24,100	$ ---	$ -24,100
Personnel benefits................	1,400	---	-1,400
Travel and transportation of persons........................	4,900	---	-4,900
Printing and reproduction.........	61,600	---	-61,600
Other services, Project contracts.	524,000	300,000	-224,000
Investments and loans............	313,515,000	1,572,229	-311,942,771
Grants, subsidies and contributions........................	1,380,735,132	1,746,814,000	+366,078,868
Insurance claims and indemnities..	2,020,000	3,500,000	+1,480,000
Total obligations by object..	1,696,886,132	1,752,186,229	+55,300,097

Summary of Changes

1973 Estimated obligations	$1,696,886,132
1974 Estimated obligations	1,752,186,229
Net change	+55,242,706

	Base	Change from Base
Increases:		
A. Built-in:		
1. Student assistance:		
Subsidized insured loans:		
Interest on insured loans	$245,000,000	$ +65,000,000
B. Program:		
1. Student assistance:		
Basic opportunity grants	622,000,000	+337,000,000
2. Special programs for disadvantaged		
Educational opportunity centers.	---	+3,000,000
3. Institutional assistance:		
State postsecondary education commissions	---	+3,000,000
4. College personnel development:		
Fellowships for the disadvantaged	---	+750,000
Total, increases	---	408,750,000
Decreases:		
A. Built-in:		
1. Institutional assistance:		
Aid to land-grant colleges:		
Lump-sum payment-Guam and Virgin Islands	6,000,000	-6,000,000
2. College personnel development:		
College teacher fellowships	20,000,000	-14,194,000
B. Program:		
1. Student assistance:		
Supplementary opportunity grants	828,401	-828,401
Work-study	252,784,540	-2,784,540
Reserve fund advances	1,945,000	-372,771
Federal capital contributions	309,600,000	-309,600,000
Loans to institutions	1,970,000	-1,970,000
2. Special programs for the disadvantaged:		
Talent search	7,000,000	-1,000,000
Upward bound	42,331,000	-4,000,000
Special services in college	26,000,000	-3,000,000

Decreases: (cont'd)	Base	Change from Base
Program:		
3. Institutional Assistance		
Construction:		
Subsidized loans..................	$31,425,191	$ -191
State administration and planning..	3,000,000	-3,000,000
Language training and area studies.	2,360,000	-1,000,000
University Community services......	5,700,000	-5,700,000
Net decrease..........		-353,449,903
Total, net change.........................		+55,300,097

Explanation of Changes

Increases:

A. Built-in:

1. Student assistance:

(a) Subsidies on insured loans.--The $245,000,000 base in 1973 includes $30,000,000 requested by the proposed 1973 budget amendments. The $65,000,000 increase in fiscal year 1974 covers interest benefits, special allowances, and death and disability payments for new loans and loans made in prior years. The loan volume is expected to increase substantially over 1973 because: (1) there will be no new capital for direct loans; (2) the Student Loan Marketing Association will be in operation; and (3) the 1973 level was depressed drastically by the initial insured student loan regulation implementing the Education Amendments of 1972.

B. Program:

1. Student assistance:

(a) Basic opportunity grants.--This budget includes a request for $337,000,000 more in academic year 1974-75 than the $622,000,000 for academic year 1973-74, requested in the proposed 1973 budget amendment. It is estimated that the $959,000,000 will provide full funding, but this will depend upon the needs analysis system approved by Congress. The structure of the program is such that an increase in appropriation changes the average size, but not the number, of grants (except to the extent that it changes the number that are computed at less than $50 and are, therefore, not awarded).

2. Special programs for disadvantaged:

(a) Educational opportunity center.--As authorized by the education amendments of 1972, $3,000,000 is requested to fund the Federal share of these centers which all perform services similar to those of Talent Search and "Special services." They operate in areas of high concentration of low income students who may be interested in any of several postsecondary institutions. The special services program would be reduced by a like amount.

3. Institutional assistance:

(a) State postsecondary education commissions.--An amount of $3,000,000 is requested for the State Commissions authorized by section 1202 of the Higher Education Act of 1965 as amended.

4. College personnel development:

(a) Fellowships for the disadvantaged.--In fiscal year 1974 an amount of $750,000 is requested for this program which previously had been funded by the Office of Economic Opportunity.

Decreases:

A. Built-in:

1. Institutional assistance:

(a) Aid to land-grant colleges: Lump sum payment to Guam and the Virgin Islands.--The 1973 appropriation of $6,000,000 was a one time appropriation to provide an endowment in lieu of a land-grant for Guam and the Virgin Islands.

2. College personnel development:

(a) College teacher fellowships.--The $20,000,000 amount in the proposed 1973 budget amendment includes funds for the third year of fellowships begun in 1971 and an amount to allow returning veterans to resume fellowships interrupted by service. For 1974, only $5,806,000 for the latter is budgeted, a reduction of $14,194,000.

B. Program:

1. Student assistance:

(a) Supplemental opportunity grants.--No new obligational authority is being requested for either 1973 or 1974. The fiscal year 1973 amount of $828,401 was brought forward from 1972.

(b) Work-study.--This program will be funded at $250,000,000 , the same level as that in the proposed 1973 budget amendment. The $2,784,540 in 1973 is unobligated carryover from fiscal year 1972, and will be used in academic year 1972-73. The fiscal year 1973 amount will be for academic year 1973-74 and the fiscal year 1974 amount will be for academic year 1974-75.

(c) Reserve fund advances.--No new funds are being requested in either fiscal year 1973 or fiscal year 1974. The estimated amounts available for obligation are brought forward from prior years. $372,771 less will be available for obligation in 1974 providing the entire estimate of $1,945,000 is obligated in fiscal year 1973.

(d) Federal capital contributions.--No new obligational authority is requested in fiscal year 1974. However, about $180 million in lendable funds will be available in institutional revolving funds during 1974. In addition to loan repayments, amounting to $150 million, there will be $23,600,000 in capital contributions obligated late in 1973 which will go into institutional revolving funds and be available for loans and administrative allowance in 1973-74.

(e) Loans to institutions.--No new obligational authority is requested.

2. Special programs for the disadvantaged:

(a)(b)(c) Talent search, Upward bound and Special services.--The new obligational authority for Talent Search and Upward Bound is the same for both 1973 and 1974. However, $1,000,000 for Talent Search and $4,000,000 for Upward Bound appropriated late in fiscal year 1972 were carried forward to 1973. An amount of $3,000,000 less is being requested for Special Services in 1974 to make funds available for the Educational Opportunity Centers authorized by the Education Amendments of 1972.

3. Institutional assistance:

(a) Construction:

(1) Subsidized loans.--The fiscal year 1973 estimate of $31,425,191 consists of $17,356,191 in carryover and $14,069,000 requested in the 1973 proposed budget amendment. About the same amount, $31,425,000, will be needed in 1974 for annual increments on loans made in prior year. The reduction in 1974 is due to rounding.

(2) State administration and planning.--No funds are requested for this program, but $3,000,000 is requested for activities of the state agencies authorized by section 1202 of the Higher Education Act.

(b) Language training and area studies.--An amount of $1,000,000 is requested in the proposed 1973 budget amendment to fund the final phase of the NDEA VI portion of this program. No new obligational authority is requested in 1974 for NDEA VI. An amount of $1,360,000 is budgeted for the Fulbright-Hays portion for both fiscal years 1973 and 1974.

(c) University community services.--An amount of $15,000,000 was appropriated for this program in 1973. To begin the phase out of this program, a budget amendment to rescind $9,300,000 of this amount has been submitted. The base is therefore $5,700,000. No new obligational authority is sought in 1974.

Authorizing Legislation

Legislation	1974	
	Authorized	Appropriation requested
Higher Education Act:		
Title III, Strengthening developing institutions.	$120,000,000	$ 99,992,000
Title IV, Student assistance:		
Part A-1 - Basic opportunity grants............	Indefinite	959,000,000
Part A-4 - Special programs for students from disadvantaged backgrounds....................	100,000,000	70,331,000
Part B - Low interest, insured loans to students....................................	Indefinite	310,000,000
Part C - Work-study............................	390,000,000	250,000,000
Part D - Cooperative education.................	10,750,000	10,750,000
Part E - Direct loans:		
Capital contributions........................	400,000,000	---
Loans to institutions........................	3,254,425	---
Teacher cancellations........................	Indefinite	5,000,000
Title VII, Construction:		
Section 745 - Annual interest grants...........	65,750,000 1/	31,425,000
Title IX, Graduate programs:		
Part B - Graduate fellowships for careers in postsecondary education......................	2/	5,806,000
Part D - Fellowships for other purposes, (a) (2) disadvantaged........................	1,000,000	750,000
Title XII, General provisions:		
Section 1202 - State postsecondary education commissions................................	Indefinite	3,000,000
Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays)........................	Indefinite	1,360,000
Emergency Insured Student Loan Act of 1969.........	Indefinite	3/
Public Law 92-506 - Allen J. Ellender Fellowships..	500,000	500,000

1/ The limit is on payments rather than on appropriations.
2/ 7,500 new fellowships plus continuation costs.
3/ Included in low interest loans, Part B, Title IV of the Higher Education Act.

HIGHER EDUCATION ACT OF 1965

(P.L. 89–329)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Act of 1965".

TITLE III—STRENGTHENING DEVELOPING INSTITUTIONS

AUTHORIZATION

Sec. 301. (a) The Commissioner shall carry out a program of special assistance to strengthen the academic quality of developing institutions which have the desire and potential to make a substantial contribution to the higher education resources of the Nation but which are struggling for survival and are isolated from the main currents of academic life.

(b) (1) For the purpose of carrying out this title, there are authorized to be appropriated $120,000,000 for the fiscal year ending June 30, 1973, and for each of the succeeding fiscal years ending prior to July 1, 1975.

(2) Of the sums appropriated pursuant to this subsection for any fiscal year, 76 per centum shall be available only for carrying out the provisions of this title with respect to developing institutions which plan to award one or more bachelor's degrees during such year.

(3) The remainder of the sums so appropriated shall be available only for carrying out the provisions of this title with respect to developing institutions which do not plan to award such a degree during such year.

Subpart 1—Basic Educational Opportunity Grants

BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS

Sec. 411. (a) (1) The Commissioner shall, during the period beginning July 1, 1972, and ending June 30, 1975, pay to each student who has been accepted for enrollment in, or is in good standing at, an institution of higher education (according to the prescribed standards, regulations, and practices of that institution) for each academic year during which that student is in attendance at that institution, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to paragraph (2).

(2) (A) (i) The amount of the basic grant for a student eligible under this subpart for any academic year shall be $1,400, less an amount equal to the amount determined under paragraph (3) to be the expected family contribution with respect to that student for that year.

(ii) In any case where a student attends an institution of higher education on less than a full-time basis during any academic year, the amount of the basic grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Commissioner for the purposes of this division. Such schedule of reductions shall be established by regulation and published in the Federal Register not later than February 1 of each year.

(B)(i) The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 50 per centum of the actual cost of attendance at the institution at which the student is in attendance for that year.

(ii) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the actual cost of attendance at the institution at which that student is in attendance. If with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the actual cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the actual cost of attendance at such institution.

(iii) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this paragraph for any academic year is less than $200. Pursuant to criteria established by the Commissioner by regulation, the institution of higher education at which a student is in attendance may award a basic grant of less than $200 upon a determination that the amount of the basic grant for that student is less than $200 because of the requirement of division (i) and that, due to exceptional circumstances, this reduced grant should be made in order to enable the student to benefit from postsecondary education.

(iv) For the purpose of this subparagraph and subsection (b) the term "actual cost of attendance" means, subject to regulations of the Commissioner, the actual per-student charges for tuition, fees, room and board (or expenses related to reasonable commuting), books, and an allowance for such other expenses as the Commissioner determines by regulation to be reasonably related to attendance at the institution at which the student is in attendance.

(3)(A)(i) Not later than February 1 of each year the Commissioner shall publish in the Federal Register a schedule of expected family contributions for the succeeding academic year for various levels of family income, which, except as is otherwise provided in division (ii), together with any amendments thereto, shall become effective July 1 of that year. During the thirty-day period following such publication the Commissioner shall provide interested parties with an opportunity to present their views and make recommendations with respect to such schedule.

(ii) The schedule of expected family contributions required by division (i) for each academic year shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than February 1 of that year. If either the Senate or the House of Representatives adopts, prior to May 1 of such year, a resolution of disapproval of such schedule, the Commissioner shall publish a new schedule of expected family contributions in the Federal Register not later than fifteen days after the adoption of such resolution of disapproval. Such new schedule shall take into consideration such recommendations as may be made in connection with such resolution and shall become effective, together with any amendments thereto, on July 1 of that year.

(B)(i) For the purposes of this paragraph and subsection (b), the term "family contribution" with respect to any student means the amount which the family of that student may be reasonably expected to contribute toward his postsecondary education for the academic year for which the determination under subparagraph (A) of paragraph (2) is made, as determined in accordance with regulations. In promulgating such regulations, the Commissioner shall follow the basic criteria set forth in division (ii) of this subparagraph.

(ii) The basic criteria to be followed in promulgating regulations with respect to expected family contributions are as follows:

(I) The amount of the effective income of the student or the effective family income of the student's family.

(II) The number of dependents of the family of the student.

(III) The number of dependents of the student's family who are in attendance in a program of postsecondary education and for whom the family may be reasonably expected to contribute for their postsecondary education.

(IV) The amount of the assets of the student and those of the student's family.

(V) Any unusual expenses of the student or his family, such as unusual medical expenses, and those which may arise from a catastrophe.

(iii) For the purposes of clause (I) of division (ii), the term "effective family income" with respect to a student means the annual adjusted family income, as determined in accordance with regulations prescribed by the Commissioner, received by the parents or guardian of that student (or the person or persons having an equivalent relationship to such student) minus Federal income tax paid or payable with respect to such income.

(iv) In determining the expected family contribution with respect to any student, any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and one-half any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be considered as effective income for such student.

(C) The Commissioner shall promulgate special regulations for determining the expected family contribution and effective family income of a student who is determined (pursuant to regulations of the Commissioner) to be independent of his parents or guardians (or the person or persons having an equivalent relationship to such student). Such special regulations shall be consistent with the basic criteria set forth in division (ii) of subparagraph (B).

(4) (A) The period during which a student may receive basic grants shall be the period required for the completion of the undergraduate course of study being pursued by that student at the institution at which the student is in attendance, except that such period may not exceed four academic years unless—

(i) the student is pursuing a course of study leading to a first degree in a program of study which is designed by the institution offering it to extend over five academic years; or

(ii) the student is, or will be, unable to complete a course of study within four academic years because of a requirement of the institution of such course of study that the student enroll in a noncredit remedial course of study;

in either which case such period may be extended for not more than one additional academic year.

(B) For the purposes of clause (ii) of subparagraph (A), a "noncredit remedial course of study" is a course of study for which no credit is given toward an academic degree, and which is designed to increase the ability of the student to engage in an undergraduate course of study leading to such a degree.

(b) (1) The Commissioner shall from time to time set dates by which students must file applications for basic grants under this subpart.

(2) Each student desiring a basic grant for any year must file an application therefor containing such information and assurances as the Commissioner may deem necessary to enable him to carry out his functions and responsibilities under this subpart.

(3) (A) Payments under this section shall be made in accordance with regulations promulgated by the Commissioner for such purpose, in such manner as will best accomplish the purposes of this section.

(B) (i) If, during any period of any fiscal year, the funds available for payments under this subpart are insufficient to satisfy fully all entitlements under this subpart, the amount paid with respect to each such entitlement shall be—

(I) in the case of any entitlement which exceeds $1,000, 75 per centum thereof;

(II) in the case of any entitlement which exceeds $800 but does not exceed $1,000, 70 per centum thereof;

(III) in the case of any entitlement which exceeds $600 but does not exceed $800, 65 per centum thereof; and

(IV) in the case of any entitlement which does not exceed $600, 50 per centum thereof.

(ii) If, during any period of any fiscal year, funds available for making payments under this subpart exceed the amount necessary to make the payments prescribed in division (i), such excess shall be paid with respect to each entitlement under this subpart in proportion to the degree to which that entitlement is unsatisfied, after payments are made pursuant to division (i).

(iii) In the event that, at the time when payments are to be made pursuant to this subparagraph (B), funds available therefor are insufficient to pay the amounts set forth in division (i), the Commissioner shall pay with respect to each entitlement an amount which bears the same ratio to the appropriate amount set forth in division (i) as the total amount of funds so available at such time for such payments bears to the amount necessary to pay the amounts indicated in division (i) in full.

(iv) No method of computing or manner of distribution of payments under this subpart shall be used which is not consistent with this subparagraph.

(v) In no case shall a payment under this subparagraph be made if the amount of such payment after application of the provisions of this subparagraph is less than $50.

(C)(i) During any fiscal year in which the provisions of subparagraph (B) apply, a basic grant to any student shall not exceed 50 per centum of the difference between the expected family contribution for that student and the actual cost of attendance at the institution in which the student is enrolled, unless sums available for making payments under this subsection for any fiscal year equal more than 75 per centum of the total amount to which all students are entitled under this subpart for that fiscal year, in which case no basic grant shall exceed 60 per centum of such difference.

(ii) The limitation set forth in division (i) shall, when applicable, be in lieu of the limitation set forth in subparagraph (B)(i) of subsection (a)(2).

PART B—FEDERAL, STATE, AND PRIVATE PROGRAMS OF LOW-INTEREST INSURED LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION [1]

(NOTE.—The following provisions govern all loans made under the Student Loan Program between July 1, 1972 and August 18, 1972 or after March 1, 1973.)

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 421. (a) The purpose of this part is to enable the Commissioner (1) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435), (2) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b), (3) to pay a portion of the interest on loans to qualified students which are made by a State under a direct loan program meeting the requirements of section 428(a)(1)(B), or which are insured under this part or under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C), and (4) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C).

(b) For the purpose of carrying out this part—

(2) there are authorized to be appropriated, for payments under section 428 with respect to interest and administrative cost allowances on student loans and for payments under section 437, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor,

SEC. 428. (a) (1) Each student who has received a loan for study at an eligible institution—

(A) which is insured by the Commissioner under this part;

(B) which was made under a State student loan program (meeting criteria prescribed by the Commissioner), and which was contracted for, and paid to the student, within the period specified by paragraph (4); or

(C) which is insured under a program of a State or of a nonprofit private institution or organization which was contracted for, and paid to the student, within the period specified in paragraph (4), and which—

(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) and provides that repayment of such loan shall be in installments beginning not earlier than sixty days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1)) at an eligible institution, or

(ii) in the case of a loan insured after June 30, 1967, is insured under a program covered by an agreement made pursuant to subsection (b),

shall be entitled to have paid on his behalf and for his account to the holder of the loan a portion of the interest on such loan (in accordance with paragraph (2) of this subsection) only if at the time of execution of the note or written agreement evidencing such loan his adjusted family income is—

(I) less than $15,000 and the eligible institution at which he has been accepted for enrollment or, in the case of a student who is attending such an institution, at which he is in good standing (as determined by such institution)—

(α) has determined the amount of need for such loan by subtracting from the estimated cost of his attendance at such institution (which, for purposes of this paragraph, means the cost, for the period for which the loan is sought, of tuition, fees, room and board, and reasonable commuting costs) the expected family contribution with respect to such student plus any other resources or student aid reasonably available to such student, and

(β) has provided the lender with a statement evidencing the determination made under clause (I)(α) of this paragraph and recommending a loan in the amount of such need; or

(II) equal to or more than $15,000 and the eligible institution at which he has been accepted for enrollment or, in the case of a student who is attending such an institution, at which he is in good standing (as determined by such institution)—

(α) has determined that he is in need of a loan to attend such institution,

(β) has determined the amount of such need by subtracting from the estimated cost of attendance at such institution the expected family contribution with respect to such student plus any other resources or student aid reasonably available to such student, and

(γ) has provided the lender with a statement evidencing the determination made under clause (II)(β) of this paragraph and recommending a loan in the amount of such need.

(2) (A) The portion of the interest on a loan which a student is entitled to have paid on his behalf and for his account to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in subsection (e) of this section or in section 427(a)(2)(C);

REPAYMENT BY THE COMMISSIONER OF LOANS OF DECEASED OR DISABLED BORROWERS

SEC. 437. If a student borrower who has received a loan described in clause (A), (B), or (C) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Commissioner), then the Commissioner shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

PART C—WORK-STUDY PROGRAMS

STATEMENT OF PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 441. (a) The purpose of this part is to stimulate and promote the part-time employment of students, particularly students with great financial need in eligible institutions who are in need of the earnings from such employment to pursue courses of study at such institutions.

(b) There are authorized to be appropriated $225,000,000 for the fiscal year ending June 30, 1969, $275,000,000 for the fiscal year ending June 30, 1970, $320,000,000 for the fiscal year ending June 30, 1971, **$330,000,000 for the fiscal year ending June 30, 1972, $360,000,000 for the fiscal year ending June 30, 1973, $390,000,000 for the fiscal year ending June 30, 1974, and $420,000,000 for the fiscal year ending June 30, 1975.**

PART D—COOPERATIVE EDUCATION PROGRAM

APPROPRIATIONS AUTHORIZED

SEC. 451. (a) There are authorized to be appropriated $340,000 for the fiscal year ending June 30, 1969, $8,000,000 for the fiscal year ending June 30, 1970, and $10,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make grants pursuant to section 452 to institutions of higher education for the planning, establishment, expansion, or carrying out by such institutions of programs of cooperative education that alternate periods of full-time academic study with periods of full-time public or private employment that will not only afford students the opportunity to earn through employment funds required toward continuing and completing their education but will, so far as practicable, give them work experience related to their academic or occupational objective. Such amounts for the fiscal year ending June 30, 1969, shall also be available for planning and related activities for the purpose of this title.

(b) There are further authorized to be appropriated $750,000 for the fiscal year ending June 30, 1969, and for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make training, demonstration, or research grants or contracts pursuant to section 453.

(c) Appropriations under this part shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this part.

PART E—DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION [1]

APPROPRIATIONS AUTHORIZED

SEC. 461. (a) The Commissioner shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions.

(b) (1) For the purpose of enabling the Commissioner to make contributions to student loan funds established under this part, there are hereby authorized to be appropriated $375,000,000 for the fiscal year ending June 30, 1972, and $400,000,000 for the fiscal year ending June 30, 1973, and for each of the succeeding fiscal years ending prior to July 1, 1975.

(2) In addition there are hereby authorized to be appropriated such sums for the fiscal year ending June 30, 1976, and each of the three succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to July 1, 1975, to continue or complete courses of study.

(c) Any sums appropriated pursuant to subsection (b) for any fiscal year shall be available for apportionment pursuant to section 462 and for payments of Federal capital contributions therefrom to institutions of higher education which have agreements with the Commissioner under section 463. Such Federal capital contributions and all contributions from such institutions shall be used for the establishment, expansion, and maintenance of student loan funds.

CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE

SEC. 465. (a)(1) The per centum specified in paragraph (3) of this subsection of the total amount of any loan made after June 30, 1972, from a student loan fund assisted under this part shall be canceled for each complete year of service after such date by the borrower under circumstances described in paragraph (2).

(2) Loans shall be canceled under paragraph (1) for service—

(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purposes of this paragraph and for that year has been determined by the Commissioner (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children described in clause (A), (B), or (C) of section 103(a)(2) of title I of the Elementary and Secondary Education Act of 1965 (using a low-income factor of $3,000) exceeds 30 per centum of the total enrollment of that school and such determination shall not be made with respect to more than 50 per centum of the total number of schools in the State receiving assistance under such title I;

(B) as a full-time staff member in a preschool program carried on under section 222(a)(1) of the Economic Opportunity Act of 1964 which is operated for a period which is comparable to a full school year in the locality: *Provided*, That the salary of such staff member is not more than the salary of a comparable employee of the local educational agency, or

(C) as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system; or

(D) as a member of the Armed Forces of the United States, for service that qualifies for special pay under section 310 of title 37, United States Code, as an area of hostilities.

For purposes of this paragraph, the term "handicapped children" means children who are mentally retarded, hard of hearing, deaf, speech-impaired, visually handicapped, seriously emotionally disturbed, or other health-impaired children who by reason thereof require special education.

(3)(A) The per centum of a loan which shall be canceled under paragraph (1) of this subsection is—

(i) in the case of service described in clause (A), or (C), of paragraph (2), at the rate of 15 per centum for the first or second year of such service, 20 per centum for the third or fourth year of such service, and 30 per centum for the fifth year of such service;

(ii) in the case of service described in clause (B) of paragraph (2) at the rate of 15 per centum for each year of such service;

(iii) in the case of service described in clause (D) of paragraph (2), not to exceed a total of 50 per centum of such loan at the rate of 12½ per centum for each year of qualifying service.

(B) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

(C) Nothing in this subsection shall be construed to authorize refunding any repayment of a loan.

(4) For the purposes of this subsection, the term "year" where applied to service as a teacher means academic year as defined by the Commissioner.

(b) The Commissioner shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this subsection.

TITLE VII—CONSTRUCTION OF ACADEMIC FACILITIES [1]

ANNUAL INTEREST GRANTS

SEC. 745. (a) To assist institutions of higher education and higher education building agencies to reduce the cost of borrowing from other sources for the construction of academic facilities, the Commissioner may make annual interest grants to such institutions and agencies.

(b) Annual interest grants to an institution of higher education or higher education building agency with respect to any academic facility shall be made over a fixed period not exceeding forty years, and provision for such grants shall be embodied in a contract guaranteeing their payment over such period. Each such grant shall be in an amount not greater than the difference between (1) the average annual debt service which would be required to be paid, during the life of the loan, on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution would have been required to pay, during the life of the loan, with respect to such amounts if the applicable interest rate were the maximum rate specified in section 744(b)(2). The amount on which such grant is based shall be approved by the Secretary.

(c)(1) There are hereby authorized to be appropriated to the Commissioner such sums as may be necessary for the payment of annual interest grants to institutions of higher education and higher education building agencies in accordance with this section.

(2) Contracts for annual interest grants under this section shall not be entered into in an aggregate amount greater than is authorized in appropriation Acts; and in any event the total amount of annual interest grants which may be paid to institutions of higher education and higher education building agencies in any year pursuant to contracts entered into under this section shall not exceed $5,000,000 which amount shall be increased by $6,750,000 on July 1, 1969, and by $13,500,000 on July 1, 1970 and on July 1 of each of the four succeeding years.

(d) Not more than 12½ per centum of the funds provided for in this section for grants may be used within any one State.

(e) No annual interest grant pursuant to this section shall be made unless the Commissioner finds (1) that not less than 10 per centum of the development costs of the facility will be financed from non-Federal sources, (2) that the applicant is unable to secure a loan in the amount of the loan with respect to which the annual interest grant is to be made, from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title, and (3) that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials. For purposes of this section, a loan with respect to which an interest grant is made under this section shall not be considered financing from a non-Federal source. For purposes of the other provisions of this title, such a loan shall be considered financing from a non-Federal source.

TITLE IX—GRADUATE PROGRAMS

PART B—GRADUATE FELLOWSHIPS FOR CAREERS IN POSTSECONDARY EDUCATION

APPROPRIATIONS AUTHORIZED

SEC. 921. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this part.

(20 U.S.C. 1134d) Enacted June 30, 1972, P.L. 92–318, sec. 181(a), 86 Stat. 306.

NUMBER OF FELLOWSHIPS

SEC. 922. (a) During the fiscal year ending June 30, 1973, and each of the two succeeding fiscal years, the Commissioner is authorized to award not to exceed seven thousand five hundred fellowships to be used for study in graduate programs at institutions of higher education. Such fellowships may be awarded for such period of study as the Commissioner may determine, but not in excess of three academic years, except (1) that where a fellowship holder pursues his studies as a regularly enrolled student at the institution during periods outside the regular sessions of the graduate program of the institution, a fellowship may be awarded for a period not in excess of three calendar years, and (2) that the Commissioner may provide by regulation for the granting of such fellowships for a period of study not to exceed one academic year (or one calendar year in the case of fellowships to which clause (1) applies) in addition to the maximum period otherwise applicable, under special circumstances in which the purposes of this part would most effectively be served thereby.

(b) In addition to the number of fellowships authorized to be awarded by subsection (a) of this section, the Commissioner is authorized to award fellowships equal to the number previously awarded during any fiscal year under this section but vacated prior to the end of the period for which they were awarded; except that each fellowship awarded under this subsection shall be for such period of study, not in excess of the remainder of the period for which the fellowship which it replaces was awarded, as the Commissioner may determine.

PART D—FELLOWSHIPS FOR OTHER PURPOSES

PROGRAM AUTHORIZED

SEC. 961. (a) It is the purpose of this part to provide fellowships—

> (2) for persons of ability from disadvantaged backgrounds, as determined by the Commissioner, undertaking graduate or professional study.

The demonstration of financial need shall be determined in accordance with regulations prescribed by the Commissioner.

(b)(1) The Commissioner is authorized to award under the provisions of this part not to exceed five hundred fellowships for the fiscal year ending June 30, 1973, and for each of the two succeeding fiscal years. Appropriations made pursuant to section 965 for fellowships awarded under clause (2) of subsection (a) of this section may not exceed $1,000,000 in any fiscal year.

(2) In addition to the number of fellowships authorized to be awarded under paragraph (1), the Commissioner is authorized to award fellowships equal to the number previously awarded during any fiscal year under this part but vacated prior to the end of the period for which they were awarded except that each fellowship awarded under this paragraph shall be for such period of graduate or professional work or research not in excess of the remainder of the period for which the fellowship it replaces was awarded as the Commisioner may determine.

(c) Fellowships awarded under this part shall be for graduate and professional study leading to an advanced degree or research incident to the presentation of a doctoral dissertation. Such fellowships may be awarded for graduate and professional study and research at any institution of higher education or any other research center approved for such purpose by the Commissioner. Such fellowships shall be awarded for such periods as the Commissioner may determine but not to exceed three years.

TITLE XII—GENERAL PROVISIONS

STATE POSTSECONDARY EDUCATION COMMISSIONS

SEC. 1202. (a) Any State which desires to receive assistance under section 1203 or title X shall establish a State Commission or designate an existing State agency or State Commission (to be known as the State Commission) which is broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the State including community colleges (as defined in title X), junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches thereof.

(b) Such State Commission may establish committees or task forces, not necessarily consisting of Commission members, and utilize existing agencies or organizations, to make studies, conduct surveys, submit recommendations, or otherwise contribute the best available expertise from the institutions, interests groups, and segments of the society most concerned with a particular aspect of the Commission's work.

(c)(1) At any time after July 1, 1973, a State may designate the State Commission established under subsection (a) as the State agency or institution required under section 105, 603, or 704. In such a case, the State Commission established under this section shall be deemed to meet the requirements of such sections for State agencies or institutions.

(2) If a State makes a designation referred to in paragraph (1)—

(A) the Commissioner shall pay the State Commission the amount necessary for the proper and efficient administration of the Commission of the functions transferred to it by reason of the designation, and

(B) the State Commission shall be considered the successor agency to the State agency or institution with respect to which the designation is made, and action theretofore taken by the State agency or institution shall continue to be effective until changed by the State Commission.

(d) Any State which desires to receive assistance under title VI or under title VII but which does not desire, after June 30, 1973, to place the functions of State Commissions under such titles under the authority of the State Commission established pursuant to subsection (a) shall establish for the purposes of such titles a State Commission which is broadly representative of the public and of institutions of higher education (including junior colleges and technical institutes) in the State. Such State Commissions shall have the sole responsibility for the administration of State plans under such titles VI and VII within such State.

Mutual Educational and Cultural Exchange Act of 1961

(P.L. 87-256)

AN ACT To provide for the improvement and strengthening of the international relations of the United States by promoting better mutual understanding among the people of the world through educational and cultural exchanges

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Educational and Cultural Exchange Act of 1961".

SEC. 102.

(b) In furtherance of the purposes of this Act, the President is further authorized to provide for—

(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of these countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities;

Emergency Insured Student Loan Act of 1969

(P.L. 91-95)

AN ACT To authorize special allowances for lenders with respect to insured student loans under title IV-B of the Higher Education Act of 1965 when necessary in the light of economic conditions in order to assure that students will have reasonable access to such loans for financing their education, and to increase the authorizations for certain other student assistance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Insured Student Loan Act of 1969".

INCENTIVE PAYMENTS ON INSURED STUDENT LOANS

SEC. 2. (a) (1) Whenever the Secretary of Health, Education, and Welfare determines that the limitations on interest or other conditions (or both) applicable under part B of title IV of the Higher Education Act of 1965 (Public Law 89-329) to student loans eligible for insurance by the Commissioner of Education or under a State or nonprofit private insurance program covered by an agreement under section 428(b) of such Act, considered in the light of the then current economic conditions and in particular the relevant money market, are impeding or threatening to impede the carrying out of the purposes of such part B and have caused the return to holders of such loans to be less than equitable, he is hereby authorized, by regulation

applicable to a three-month period specified therein, to prescribe (after consultation with the Secretary of the Treasury and the heads of other appropriate agencies) a special allowance to be paid by the Commissioner of Education to each holder of an eligible loan or loans. The amount of such allowance to any holder with respect to such period shall be a percentage, specified in such regulation, of the average unpaid balance of disbursed principal (not including interest added to principal) of all eligible loans held by such holder during such period, which balance shall be computed in a manner specified in such regulation; but no such percentage shall be set at a rate in excess of 3 per centum per annum.

(c)(1) There are hereby authorized to be appropriated for special allowances as authorized by this section not to exceed $20,000,000 for the fiscal year ending June 30, 1970, $40,000,000 for the fiscal year ending June 30, 1971, and for succeeding fiscal years such sums as may be necessary.

Public Law 92-506
92nd Congress, S. J. Res. 265
October 19, 1972

Joint Resolution

To provide grants for Allen J. Ellender fellowships to disadvantaged secondary school students and their teachers to participate in a Washington public affairs program.

Sec. 5. There are authorized to be appropriated not to exceed $500,000 for the fiscal year ending June 30, 1973, and for each of the two succeeding fiscal years to carry out the provisions of this joint resolution.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer to:		
Salaries and expenses	$ 38,000	To consolidate costs of advisory committees with other administrative expenses in "Salaries and expenses."
Postsecondary innovation	10,000,000	Since this program is to be administered by the Assistant Secretary for Education, it is being transferred from the Higher Education Appropriation which is administered by the Office of Education.

Higher Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 421,658,000	$ 163,568,000	$ 163,568,000	$ 165,068,000
1965	511,640,000	498,890,000	498,890,000	554,600,000
1966	977,908,000	902,108,000	912,108,000	971,231,000
1967	1,073,494,000	1,164,307,000	1,151,507,000	1,156,307,000
1968	1,153,650,000	1,132,150,000	1,132,150,000	929,255,000
1969	823,020,000	6,920,000	786,852,000	778,620,000
1970	798,284,000	867,833,000	1,009,074,000	831,734,000
1971	837,725,000	880,180,000	1,014,970,000	941,180,000
1972	1,892,754,000	1,193,344,000	1,782,174,000	1,409,354,000
1973	1,463,288,000	---	---	---
1973 Supplemental	499,100,000	---	679,922,000	567,470,000
1973 Proposed Rescission	-44,300,000			
1973 Proposed Amendment	1,119,502,000			
1974	1,747,914,000			

NOTE: All figures are comparable with the 1974 estimate. Excluded are funds for Postsecondary Innovation and the Advisory Committees for Financial Aid to Students and for Developing Institutions. (The actual 1973 proposed amendment is $1,119,510,000 but for comparability with the 1974 estimate, the $8,000 requested for the Developing Institutions Advisory Committee is not included above.) Figures for earlier years include appropriate amounts requested and appropriated under "Higher Education Facilities Construction," "Further Endowment of Colleges of Agriculture and the Mechanic Arts," and "Education in Foreign Language and World Affiars."

General Statement

This justification includes an amended request for 1973 as well as the budget request for 1974. The initial request for 1973 was submitted before enactment of the Education Amendments of 1972. The balance of that request was cancelled in October when the Administration requested Higher Education funds needed early in the year and indicated that other 1973 funds would be requested when the 1974 budget was transmitted. The additional time was needed to plan for implementation of the new legislation.

The $1,750,614,000 appropriation requested in 1974, including the $2,700,000 permanent appropriation, is $105,242,000 above the comparable amended budget for 1973 and $338,660,000 above the comparable appropriation for 1972. On an obligation basis, the increase over 1973 is $55,300,097. The new basic opportunity grants program, authorized by the Education Amendments of 1972, accounts for a net increase despite decreases in some other programs. Both the amended 1973 budget and the request for 1974 reflect the President's commitment to increase postsecondary educational opportunities for persons in greatest financial need.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(a) Grants and work-study:			
(1) Basic opportunity grants..	$622,000,000	$959,000,000	$+337,000,000
(2) Supplementary opportunity grants..................	828,401	---	-828,401
(3) Work-study................	252,784,540	250,000,000	-2,784,540
(b) Cooperative education..........	10,750,000	10,750,000	---
(c) Subsidized insured loans:			
(1) Interest on insured loans...................	245,000,000	310,000,000	+65,000,000
(2) Reserve fund advances.....	1,945,000	1,572,229	-372,771
(d) Direct loans:			
(1) Federal capital contributions...................	309,600,000	---	-309,600,000
(2) Loans to institutions.....	1,970,000	---	-1,970,000
(3) Teacher cancellations.....	5,000,000	5,000,000	---
Total.................	1,449,877,941	1,536,322,229	+86,444,288

Narrative

The principal 1974 education increase is in the area of postsecondary student assistance. The amended 1973 budget includes $622 million and the 1974 request includes $959 million to implement the recently enacted Basic Educational Opportunity Grants program. This program is part of a major reform of the traditional Federal Student Assistance programs. In the past, Federal student assistance was made available through several programs with varying standards of student eligibility tied to State allocation formulas. Students in some States were treated better than in other States and, within a State, the treatment varied among schools for students with similar needs.

Under the new Basic Educational Opportunity Grants program there are no state formulas to prevent funds from going where they are needed most, and a uniform Federal Standard will apply to all schools. The new program qualifies eligible students for a basic grant of $1,400 less the amount that he and his family are expected to contribute to his education, but not to exceed one-half his cost. The estimate that the $959,000,000 requested for 1974 will provide for full funding is based upon preliminary assumptions about a needs analysis system.

Since the Basic Opportunity Grant Program provides that no award may exceed one-half of a student's cost of education, other forms of aid are needed. The budget includes $250 million in both fiscal years 1973 and 1974 to continue the college work-study program, and it includes $245 million in 1973 and $310 million in 1974 to continue and expand the guaranteed student loan program. While no new capital contributions will be provided for the National Direct Student Loan Program after 1973, about two billion dollars will be outstanding at the end of 1973. Loan repayments amounting to about $150 million in 1974 and $160 million in 1975 will provide some lendable funds under the direct control of participating institutions. There are also, of course, State and other non-Federal forms of student aid.

For cooperative education, the total appropriation authorized is requested in 1973 and 1974. This six fold increase reflects the new emphasis on career education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(a) Grants and Work-Study:			
(1) Basic educational opportunity grants........	$622,000,000	$959,000,000	$+337,000,000

Authority and Purpose:

To help qualified students finance their postsecondary education, the Education Amendments of 1972 included a program of basic opportunity grants. The program, Title IV, subpart A-1 of the amended Higher Education Act, applies to half-time as well as to full-time students, and to postsecondary vocational, technical, and proprietary institutions as well as to colleges. The grants are not available for graduate study but may extend to five years of undergraduate work under special circumstances specified by the Act. At full funding, the program provides a grant of $1,400 less expected family contribution, but not to exceed one half the cost of attendance. The law provides a reduction formula for less than full funding.

Legislative Requirements:

The law requires a schedule of expected parental contribution to be submitted to Congress, it limits payments, and it specifies how grants are to be adjusted to appropriation at less than full funding.

a. Family contribution schedule: The law requires the Commissioner to submit to Congress, by the first of February, a schedule indicating amounts families in given financial circumstances will be expected to contribute toward the student's educational expenses. Congress is to react by the first of May, and, if Congress disapproves the schedule, the Commissioner must submit a new one within 15 days. The family contribution schedule, together with rules governing allowable costs, are important determinants of the number of participants and size of an individual's grant.

b. Statutory formula for grant size: When a given needs analysis system is accepted, and interpreted for a student, grant size is determined by application of a statutory formula in the authorizing legislation:

(1) At full Funding: At full funding, as mentioned above, the program provides a grant of $1,400 less expected family contribution, but not to exceed one-half the cost of attendance.

(2) At less than full funding: Grants are to be adjusted to available funds by the following formula:

(a) If $1,400 minus expected parental contribution is:
more than $1,000, pay 75% of the amount
$801 to $1,000, pay 70% of the amount
$601 to $ 800, pay 65 of the amount
-0- to $ 600, pay 50% of the amount

No grant, however, shall be more than ½ of "need" (cost minus parental contribution), unless available funds are

75% of the amount needed for full funding, in which case no grant shall be more than 60% of "need".

(b) The authorizing legislation provides that if available funds exceed the amount needed to pay grants computed by the above reduction formula, the excess will be paid in proportion to the difference between the amount found by the above formula and the amount that would have been paid at full funding.

(c) If available funds are less than needed to pay grants computed by the reduction formula, then grants are prorated down to the amount available.

(d) No grant of less than $50 will be paid.

(e) The law provides that social security benefits paid to or on account of a student because he is a student and half of his veterans benefits will be counted as the student's income.

Operation of the program:

The program is forward funded, that is, the 1973 appropriation will fund operations during the following year, academic year 1973-74. The fiscal year 1974 appropriation will fund operations during academic year 1974-75.

As mentioned above, the Commissioner must submit a schedule of expected family contributions to Congress by the first of February each year. Additional rules for determining the cost of education, to be used in computing the grants, will be published a little later.

Announcements of levels, of awards will be published after the appropriation is passed so that students and their families may make definite plans for the following academic year.

Applications for the determination of expected family contribution will be distributed to high schools, institutions of postsecondary education, libraries, post offices and other locations easily accessible to students. Once a student completes his application, he would submit this form to OE contractors for the determination of his expected family contribution. After this calculation is made, the contractors will send a multi-copy certification of the student's family contribution. The student can then apply to the institution of his choice for admission and financial assistance. Institutions will be provided with OE developed cost criteria and a payment schedule based on the appropriation. With this information institutions will be able to determine the student's award and develop his total student aid package.

After the student enrolls, the institution will bill the Federal government through the NIH payment system for the awards made for the Basic Grant Program and will act as a disbursing agent for OE in making awards to students.

Among the elements entering an estimate of the cost of fully funding the program are: (a) allowable cost of attendance at the many and varied postsecondary institutions the student may choose to attend; (b) expected family income under a given schedule; and (c) how many students will apply.

Fiscal Year 1972:

This is a newly authorized program which was not funded in 1972.

Fiscal Year 1973:

Of the $622,000,000 requested for Basic Grants, $11,500,000 will be used for administrative expenses. The remaining $610,500,000 will provide grants averaging $400 to an estimated 1,577,000 students during academic year 1973-74. These grants will range from a minimum of $50 to a maximum of $1,050 depending on the student's expected family contribution and his cost of education.

The proposed appropriation language is intended to overcome the provision of the law that requires appropriation of specified amounts for older student aid programs as a pre-condition to paying basic grants. It is intended, also, to provide for small adjustments of funds between fiscal years. If funds are more than needed to meet a given payment schedule, the excess could be carried forward to the following year. If funds are less than needed to meet the payment schedule, the deficit could be paid from the following year's appropriation.

Fiscal Year 1974:

The $959,000,000 requested for the program in 1974 includes $11,500,000 for contractual administrative expenses in addition to estimated full funding for the program during academic year 1974-75. It should be recognized, however, that the several elements entering into an estimate of full funding cannot be determined precisely in advance. Those elements include the following: (a) the number of eligible applicants, (b) the mix of attendance costs, and (c) their expected family incomes. Since the basic opportunity grants will cover only half of the student's need, more than a million students will decide whether and how they can obtain the other half and whether the benefits of attending a more expensive school will warrant incurring more debt than would be necessary if they attended a lower cost school. The size of the grant increases with cost of attendance up to the $1,400 minus parental contribution limit.

As in 1974, special language is proposed to overcome the provision of the law that requires appropriation of specified amounts for older student aid program as a pre-condition to paying basic opportunity grants.

The budget request assumes that the amount budgeted for work-study together with the guaranteed student loan program will be sufficient to supplement the basic opportunity grants.

Special language is included, also, to provide for adjustments of funds between fiscal years. If funds are a little more than needed to meet a given payment schedule, the excess could be carried forward to the following year. If funds are a little less than needed to meet the payment schedule, the deficit could be paid from the following year's appropriation. This provision is included to simplify the administration of the Basic Opportunity Grant Program, decreasing the number of adjustments that otherwise would have to be made late in the year.

Current plans are to issue a single payment schedule early in the Spring which is based upon the appropriation for this program. A single schedule is being proposed in order to provide a measure of certainty and stability for both students and institutions of higher education. The publication of a single payment schedule would, however, require dealing with the problem of having too much or too little to meet the requirements of the schedule. It is intended that the surplus or shortfall be dealt with by appropriation language which would allow a surplus of funds to be carried into the next fiscal year and a shortfall to be a first priority claim on subsequent year funds. It is expected that these adjustments will be relatively small, but they will permit the publication of a single schedule rather than constant or frequent schedules throughout the year either having to take away funds already promised to students or to give them additional small amounts because additional funds become available.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student Assistance:			
(a) Grants and Work-Study:			
(3) Work study	$250,000,000 1/	$250,000,000	---

1/ This is the appropriation requested for academic year 1973-74. An additional $2,784,540 brought forward from 1972 will be obligated during 1973 for use during academic year 1972-73.

Authority and purpose:

Title IV, Part C, of the Higher Education Act of 1965 authorizes the Commissioner of Education to provide grants to institutions for a portion of the wages paid to needy students. Under the 1972 amendments preference for employment under the program is given to students with the greatest financial need, taking into account grant assistance provided from any public or private sources. Previously, preference was given to students from low-income families.

Operation of the program:

A statutory formula determines the initial distribution among states. The Education Amendments of 1972 authorized a 10% "set-aside" for discretionary grants, but this amount must be used first to increase those State allotments which otherwise would be less than the State had for fiscal year 1972. Funds are awarded and administered under an agreement between the Commissioner and each eligible institution of higher education, proprietary institution of higher education or area vocational-technical school. The institution applies for funds expected to be needed by its students; the applications are then reviewed by a Regional Panel composed of practicing financial aid officers and Federal financial aid staff members. Funds are distributed among the institutions within a State by formula, based on the Regional Panel's recommendations. Federal funds may be used to pay up to 80 percent of the wages paid to students selected by the institution for participation; the institution must provide the matching share of 20 percent. Employment may be for the institution itself or at public or private non-profit agencies with which the participating institution has contracted. Both full-time and half-time students attending eligible institutions are now eligible. Previously only full-time students could be employed under the program.

Accomplishments in 1972:

Including the fiscal year 1972 supplemental appropriation of $25,600,000, a total of $426,600,000 was appropriated for fiscal year 1972. Of this amount $156,400,000 was added to the fiscal year 1971 appropriation to convert the program to a full year's forward funding. The remaining $270,200,000 was awarded to approximately 2,700 institutions for program operations during academic year 1972-73. That amount supported an estimated 560,000 recipients with an average gross compensation of $580.

Objectives for 1973 and 1974:

Employment provided to a student under the College Work-Study Program is regarded as part of his "self-help", as are other forms of employment and long-term loans such as Guaranteed Loans and National Direct Student Loans. All students who receive Basic Educational Opportunity Grants will be expected to assume the responsibility of paying for part of their educational costs through such forms of self-help if the sum of the Basic Grant plus the family contribution is less than the student's cost of education as it will be in most cases even if the Basic Grant Program is fully funded.

Since the College Work-Study Program is now a full year forward-funded, the appropriation for fiscal year 1973 will be used for program operations in academic year 1973-74; the appropriation for 1974, in academic year 1974-75.

College Work-Study Program	Academic Year 1972-73 Estimate	Academic Year 1973-74 Estimate	Academic Year 1974-75 Estimate
Gross Compensation	$325,537,500	$301,205,000	$301,205,000
Federal share of Compensation	260,430,000	240,964,000	240,964,000
Administrative Expenses	9,770,000	9,036,000	9,036,000
Total Federal Funds	270,200,000	250,000,000	250,000,000
Number of Students	560,000	545,000	545,000
Annual Average Earnings	580	553	553

	1973 Estimate	1974 Estimate	Increase or Decrease
Student Assistance:			
(b) Cooperative Education	$10,750,000	$10,750,000	---

Authority and purpose:

Title IV-D of the Higher Education Act of 1965 authorizes grants for the planning, establishment, expansion or carrying out of cooperative education programs in higher education institutions. Cooperative Education is defined as consisting of alternate periods of full-time study and full-time employment, public or private, related to a student's academic course of study.

Limits of assistance:

The authorizing legislation provides grants to institutions of higher education for Cooperative Education Program planning, development, and expansion, as well as grants and/or contracts for training and research. Research and training grants/contracts that will make an especially significant contribution to the objectives of the program may also be made to organizations, agencies and business entities. Institutions are eligible to receive grants for only three years. Each award cannot exceed $75,000 and these funds cannot be used as compensation for student employment.

Operation of the Program:

After an institution has met eligibility requirements established by the Commissioner, its proposal is reviewed and evaluated by a panel of consultants from outside the Office of Education. The final funding decision rests with the Office of Education. To the extent that funds are available, proposals are supported according to their merit, with special attention given to the national and educational needs to be served.

In 1972 with an appropriation of $1,700,000 the average grant award was $20,238 to 84 institutions and enabled approximately 30,000 students to participate in Cooperative Education programs.

Plans for 1973:

The 1973 budget request of $10,750,000 will permit the funding of some 250 grantees for an average of $40,000, thus enabling 250,000 to 300,000 students to participate during academic year 1973-74. Awards this year will also support research and training of program directors and coordinators as well as program administrators at institutions of higher education. It is planned that a minimum of 25 percent of the budget request be allocated to support junior and community college programs.

Plans for 1974:

As in 1973, the full authorization of $10,750,000 is requested. Continuation of the program at this high level reflects emphasis on career education. It is anticipated that the number of grantee institutions and the number of participating students will be about the same as will be supported by the 1973 appropriation.

	1973 Estimate	1974 Estimate	Increase or Decrease
Student assistance:			
(c) Subsidized insured loans:			
(1) Interest benefits, special allowance and death and disability payments........	$245,000,000	$310,000,000	$+65,000,000
(2) Reserve fund advances........	1,945,000 1/	1,572,229 1/	-372,771

1/ Funds brought forward from prior years. No new funds requested.

Authority and Purpose:

Title IV, Part B of the Higher Education Act of 1965, (P.L. 89-329), as amended authorizes the Guaranteed Student Loan Program. The Emergency Insured Student Loan Act of 1969 (P.L. 91-95) provides for payment of "Special Allowance" to lenders. These Acts enable the Commissioner of Education to (1) encourage State and private nonprofit agencies to establish adequate loan insurance programs for students attending eligible educational institutions, (2) provide a Federal loan insurance program for students or lenders who do not have reasonable access to a State or private nonprofit program, (3) pay a portion of the interest to the lender on behalf of qualified students, (4) reinsure a portion of each loan guaranteed under a program of a State or private nonprofit agency, and (5) provide for the payment of a "special allowance" to lenders.

Operation of the Program:

Twenty-five State or nonprofit agencies administer their own guaranteed loan program. The agencies may contract with the Commissioner of Education, to reinsure 80 percent of the principal amount of the loss incurred by the agency in meeting its obligation to lenders on guaranteed loans in default. No fee is charged for the reinsurance.

The Federally Insured Student Loan Program operates in the remaining States. In addition, the Act authorizes Federal insurance for lenders operating on an interstate basis for students who by virtue of their residency do not have access to a State program. Under the Federal program, the Commissioner will insure the lender for 100 percent of the principal outstanding at the time the loan enters into default. The Education Amendments of 1972 (P.L. 92-318) also provide that all federally insured loans made under the new legislation are insured for 100 percent of the unpaid principal balance plus interest. The insurance premium charged is one quarter of one-percent of the face value.

While the student is in school, during the maximum 12-month grace period, and during periods of authorized deferment, the Federal government pays the total interest up to the maximum 7 percent on loans that qualify for such a subsidy. Through February 28, 1973, students whose adjusted family income was less than $15,000 per year qualified for the subsidy. Under the Education Amendments of 1972 to become effective March 1, 1973, students apply for Federal interest benefits by submitting to the lender a recommendation by the educational institution as to the amount needed by the student to meet his educational costs. Students with family incomes above $15,000 may qualify now for interest benefits under this provision.

The Education Amendments of 1972 increased the maximum loan per academic year from $1,500 to $2,500. The maximum total loans outstanding for graduate students, including loans they received as undergraduates, was increased from $7,500 to $10,000.

Applications for student loans may be obtained from lenders, schools, regional offices of the Office of Education or State or private nonprofit guarantee agencies. The school must complete a portion of this application certifying the amount of loan needed by the student and verifying the student's enrollment, his costs and academic standing. If the lender agrees to make the loan, approval must be obtained from the appropriate guarantor.

Any student may apply who has been accepted for enrollment in an eligible school or who is already in attendance and in good standing, and who is a citizen or national of the United States or is in the United States for other than a temporary purpose. In most States, half-time students are eligible, but some State agency programs require full-time attendance. Residency requirements also vary in some States.

Other information relevant to this program is shown under a separate appropriation, the Student Loan Insurance Fund. Payment of claims for defaulted loans and income from premiums and collections are shown there.

Need:

For many students guaranteed student loans will be the only available student aid. For many it will supplement other forms of aid. Any student, regardless of family income who wishes to finance his education by borrowing, may apply from one of the nearly 19,500 participating lending offices throughout the country. Approximately 8,200 educational institutions, both within and outside of the United States, may be attended under this program. This is the only program of general assistance available to all students. As mentioned above, however, not all students qualify for the interest subsidy.

Accomplishments in Fiscal Year 1973:

It is estimated that new loans amounting to $1,355,000,000 will be guaranteed in 1973 compared with $1,300,000,000 in 1972. To supplement the $215,000,000 appropriated in October, an additional $30,000,000 is being requested to fund program costs this fiscal year.

The Education Amendments of 1972 authorized a Student Loan Marketing Association, a government-sponsored private corporation, financed by private capital to serve as a secondary market and warehousing facility for loans insured under this program. This mechanism will provide liquidity for lenders who have invested in the relatively long-term deferred repayment Guaranteed Student Loans. The effect of this organization will be felt in 1974.

Plans for Fiscal Year 1974:

This program will continue to provide increasing numbers of students a means of financing all or a portion of their postsecondary educational costs. Student loans approved under this program during fiscal year 1974 are expected to reach a new annual total of $1,671,000,000. It is anticipated that the secondary market will be in operation during fiscal year 1974.

Estimating Program Costs:

(a) Open-ended program. The statutory limit on volume of new loans that may be insured has not been a constraint; and there is no limit on loans covered by State agencies and reinsured by the Federal government. Lenders have been urged to lend to qualified borrowers and the Federal government has stood ready to pay interest benefits on any amount of qualified loans. The program, therefore, is essentially open-ended.

Furthermore, a constraint on new loans would not affect interest due on prior year loans. In practice, the total costs of the program are uncontrollable.

(b) Computerized forecasting model. A computerized forecasting model is being developed to help manage the program.

(c) Interest benefits. Loans outstanding minus those in repayment status are assumed to be eligible for subsidy. The value of unsubsidized loans is assumed to be within estimating error. This assumption may change when our estimates improve and when the new legislation on qualifying for interest benefits becomes effective.

(d) Death and disability. In case of death or disability of the borrower, the unpaid balances of loans made under this program after December 15, 1968, are reimbursed in full. These costs are charged to "Higher Education." In the case of loans made before that date, death and disability are treated as defaults, and are, therefore, a charge to the Student Loan Insurance Fund.

(e) Special allowance. The special allowance depends upon the value of outstanding loans made on or after August 1, 1969, and conditions of the money market. Current estimates assume no appreciable increase in interest rates, but the value of loans outstanding will increase, and an increasing percentage of those loans will have been made after August 1, 1969.

Guaranteed and Insured Student Loans
Costs Charged to Higher Education

	1972	1973	1974
Loans outstanding, end of year ..	$4,000,000,000	$4,871,000,000	$5,901,000,000
Loans eligible for subsidy 1/...	3,478,624,000	4,055,061,000	4,763,297,000
New loans	(1,301,577,000)	(1,355,830,000)	(1,671,000,000
Interest	173,978,000	218,000,000	276,000,000
Death and disability............	1,599,000	3,000,000	4,000,000
Special allowance	21,760,000	24,000,000	30,000,000
Total obligations...........	197,337,000	245,000,000	310,000,000

1/ Unsubsidized loans assumed to be within the estimating error.

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) National Direct Student Loans (formerly National Defense Student Loans)			
(1) Federal Capital Contributions.....	$309,600,000	-0-	-$309,600,000
(2) Loans to institutions.............	1,970,000	-0-	- 1,970,000
(3) Teacher cancellations.............	5,000,000	5,000,000	-0-

Narrative

Authority and Purpose:

The Education Amendments of 1972 established the direct student loan program as Title IV, Part E, of the Higher Education Act of 1965 and specified that this program shall be deemed a continuation of the program previously authorized under Title II of the National Defense Education Act of 1958. The purpose of the program is to provide long-term, low-interest loans to needy students in institutions of higher education to enable them to pursue their courses of study at such institutions. All or a portion of the loan to a student may be forgiven in consideration of subsequent service in certain kinds of teaching or subsequent military service in a combat zone.

Operation of the Program:

The Commissioner of Education enters into an agreement with an eligible institution of higher education. Under this agreement a revolving student loan fund is created at the institution through capital contributions provided by the Commissioner and the institution in the ratio of 90 percent Federal Capital Contribution to 10 percent Institutional Capital Contribution. Loans made from the Fund bear interest at the rate of 3 percent, beginning 9 months after the student ceases to be in at least half-time attendance at an eligible institution. Provision is made for further deferral of repayment (as well as for complete or partial cancellation of the loan) under certain circumstances.

In the event that a student is entitled to cancellation of all or part of his loan, the Commissioner reimburses to the institution its share of the loan cancelled, if the loan was made before July 1, 1972. In the case of cancellations on loans made after June 30, 1972, the Commissioner restores to the Fund at the institution the full amount cancelled.

All assets of the Fund created under NDEA II are vested in the Fund now authorized under HEA IV-E. The estimated net worth of those Funds is at present $2.0 billion. It is estimated that the Funds would be capable of generating collections which would eventually sustain a lending volume in excess of $150 million annually, except that "leakages" from the Fund caused by cancellations of loans made before July 1, 1972, and the drain of defaults and delinquences will tend to diminish the capital.

Accomplishments in fiscal years 1972-1973:

During academic year 1972-73 it is estimated that $430,919,000 was lent to 624,500 students, who borrowed an average of $690 each. Of this loan volume less than $319,000,000 (including both Federal and institutional shares) was comprised of new capital contributions.

Request for fiscal year 1974:

No appropriation for new Federal Capital Contributions is requested for 1974, however it is projected that $23,600,000 from the fiscal 1972 appropriation will be carried over by the institutions to augment the 1974 loan volume otherwise sustainable from collections. The total loan volume will be nearly $181,000,000, of which $26,310,000 will be derived from new capital contributions (Federal plus institutional) and the remainder from collections. This amount is adequate to provide loans averaging $600 each to more than 300,000 students.

It is anticipated that the average 1974 loan will decline from the 1973 average as a result of the new availability of Basic Educational Opportunity Grants, which will meet a larger share of the total need of all students than was ever possible under the former EOG program.

It is also anticipated that the number of students aided with direct student loans will decline substantially as a result of the increased availability of Guaranteed Loan. Institutions will be encouraged to reserve their direct loans for those students who are unable to obtain Guaranteed Loans. It is anticipated that the number of students who experience this inability will be significantly smaller than has previously been the case as a result of the inauguration of the Student Loans Marketing Association and the other amendments to the law designed to improve students' access to Guaranteed Loans.

Reimbursements to institutions during 1974 for their share of loans cancelled in the previous year are projected to increase only slightly over 1973. It is anticipated that the amount of cancellations on loans made after July 1, 1972, will be negligible for this first year.

HIGHER EDUCATION ACTIVITIES

STUDENT AID

NATIONAL DIRECT STUDENT LOAN PROGRAM

	1971-72	1972-73	1973-74
Federal Capital Contributions			
From 1972 appropriation	$286,000,000	$ 23,600,000	
From 1973 appropriation		262,400,000	$ 23,600,000
Institutional Capital Contributions 1/	32,847,000	32,847,000	2,710,000
Collections (cash)	110,000,000	130,000,000	150,000,000
Carryover from previous yr.	30,000,000	35,000,000	40,000,000
Total available	$458,847,000	$483,847,000	$216,310,000
Institutional carryover to following year2/	$-35,000,000	$-40,000,000	$-30,000,000
Withdrawal for administrative expenses	-12,345,000	-12,928,000	-5,427,00
Total loans	$411,502,000	$430,919,000	$180,883,000
Number of loans (students)	614,200	624,500	301,500
Average loan	$670	$690	$600
Number of institutions	2,200	2,300	2,300
Loans to institutions			
Amount	1,822,000	1,970,000	-0-
Average per institution	22,000	20,000	-0-
Number of institutions	81	100	-0-
Number of loans	156	200	-0-
Cancellations			
Total amount	40,000,000	50,000,000	50,000,000
Number of students	240,000	265,000	285,000
Federal payments (for prior year)	3,890,000	5,000,000	5,000,0003/

1/ Calculated at 10.3 percent to correspond with the historically established institutional share.

2/ From cash collections collected too late for relending.

3/ It is anticipated that the number of collections for which 100 percent reimbursement may be claimed will be negligible.

	1973 Estimate	1974 Estimate	Increase or Decrease
Special programs for disadvantaged students:	$ 70,331,000	$ 70,331,000	$ ---
(a) Talent search	(6,000,000)	(6,000,000)	(---)
(b) Upward bound	(38,331,000)	(38,331,000)	(---)
(c) Special services in college	(26,000,000)	(23,000,000)	(-3,000,000)
(d) Educational opportunity centers.	(---)	(3,000,000)	(+3,000,000)

1/ These amounts represent requested 1973 appropriations, which will be used by schools in academic year 1973-74. The $1 million for Talent Search and $4 million for Upward Bound brought forward from the 1972 supplemental appropriation, were obligated during 1973 for use during 1972-73.

Authority and Purpose:

The Education Amendments of 1972 (P.L. 92-318, enacted June 23, 1972) extended and amended the three former special programs for disadvantaged students and created a new one called Educational Opportunity Centers. These four programs were constituted as a new Subpart 4 of Title IV-A of the Higher Education Act of 1965. Of these programs all except Educational Opportunity Centers now pay 100 percent of program costs. Educational Opportunity Centers may pay 75 percent of program costs. Upward Bound was previously limited to 80 percent.

These four programs are united by the common goal of helping low-income disadvantaged students obtain a postsecondary education. The category of "disadvantaged" includes both students who lack adequate secondary school preparation and those who are physically handicapped.

Talent Search is designed to locate qualified youths of financial and cultural need with exceptional potential and encourage them to complete secondary school and begin postsecondary training. Upward Bound's mission is to serve the youth whose financial and cultural need is great but whose potential is not so readily discernible and whose academic preparation is inadequate for success in college. Special Services in College is a college level program designed to enhance the ability of low-income, disadvantaged students to succeed academically in the colleges in which they are enrolled. Educational Opportunity Centers are designed to serve areas with major concentrations of low-income populations by providing, in coordination with other applicable programs and services, services similar to those of Talent Search and Special Services in College.

The three "older" programs (Talent Search, Upward Bound, and Special Services) have devoted particular attention to meeting the special educational needs of returning Vietnam veterans. It is anticipated that Educational Opportunity Centers will serve a similar function when they become operational.

Operation of the Program:

All of these programs operate through discretionary grants or contracts to eligible public or private institutions or agencies.

Enrollees who are participating essentially full time in one or more of these services may be paid stipends which are limited to $30 a month except in unusual circumstances.

Need:

For each of the three "older" programs the target group within the population of youth from low-income families is slightly different. Talent Search provides informational and counseling services to youth in grades 7-12 who have both the motivation and potential for postsecondary education. It also works with high school or college dropouts to encourage them to reenter educational programs. Upward Bound provides tutorial and counseling services to youth in grades 10, 11, and 12 who have the potential for success in postsecondary education but whose motivation and academic preparation need to be improved. Special Services in College provides tutorial and counseling services to college students, including those who are physically handicapped, to help overcome deficiencies in their academic preparation and to help them adjust to college life.

Educational Opportunity Centers will provide information and counseling services to all educationally disadvantaged low-income residents in its service areas, which are defined as areas with major concentrations of low-income populations. The Centers may also provide tutorial services to students attending postsecondary institutions in their service areas and serve as recruiting and counseling pools for such institutions.

The age-range of the populations served is therefore quite broad, beginning with the seventh grade and continuing beyond high school, and also including returning veterans. An approximation of the number eligible to be served by one or more of the programs would be the number of low-income people between the ages of 14 and 21. According to the latest available Census data, the number of such persons from families with incomes below $4,700 is 5,200,000.

Many Vietnam veterans and more than a million other people need the services provided through these programs. Approximately 20 to 25 percent of Vietnam veterans have had less than a high school level of education, and have received combat training only and are returning to civilian life inadequately prepared to take employment.

Accomplishments:

With fiscal year 1972 funds, services are being provided during academic year 1972-73, to an estimated 239,900 students from low-income families. Of this number, nearly 160,000 are being aided through Talent Search, which is projected to be successful in helping nearly 28,000 high school graduates gain admission to a postsecondary institution.

Upward Bound is providing intensive tutorial and counseling services to more than 32,000 students in the tenth, eleventh, and twelfth grades. Indicative of the success of the Upward Bound approach is the fact that more than 70 percent of Upward Bound graduates enroll in some form of postsecondary education, in comparison with about 40 percent of other low-income high school graduates.

College enrollment figures have been secured from the Upward Bound Data Bank and appear below. Initial report of enrollment was furnished by the Upward Bound Project Director. Confirmation (actually enrolled) was secured from registrars and admissions officers at the institution in which the student was reported to have enrolled. Thus, the "actually enrolled" figure is undoubtedly low since the student, although not enrolled in the college designated, may have enrolled in another college. Further information is being sought on those who failed to enroll. They now, however, appear under "Other Postsecondary Activities.

Upward Bound College Enrollment

	1966	1967	1968	1969	1970	TOTALS
Total Upward Bound graduates..	856	4,940	9,523	8,034	8,704	32,055
Initially reported enrolled...	672	3,607	6,679	5,907	6,703	23,568
(Percentage)................	(78.5)	(73.0)	(70.1)	(73.5)	(77.0)	(73.5)
Actually enrolled.............	605	3,329	6,242	5,351	5,877	21,404
(Percentage)................	(70.7)	(67.4)	(65.5)	(66.6)	(67.5)	(66.8)
Enrolled Technical institute or commercial school........	4	180	451	331	311	1,277
(Percentage)..............	(.5)	(3.6)	(4.7)	(4.1)	(3.6)	(4.0)
Other postsecondary activities Military service, employment, marriage, etc...............	247	1,431	2,830	2,352	2,514	9,374
(Percentage)..............	(28.9)	(29.0)	(29.7)	(29.9)	(28.9)	(29.2)

The program of Special Services in College is providing tutorial and counseling help to an estimated 50,000 college students. This program is currently undergoing an evaluation study to determine its success in meeting its objectives and to define more clearly its target population.

In 1972 there was a special supplemental appropriation of $5,000,000 which was used to fund 66 special Veterans' Upward Bound/Talent Search projects. This special emphasis will be continued.

Plans for 1973 and 1974:

Since all of the special programs for disadvantaged students are one year forward funded, the 1973 appropriation will be used to support program operations in academic year 1973-74; the 1974 appropriation will support operation during academic year 1974-75. The first year of operations for Educational Opportunity Centers will be academic year 1974-75.

In all programs increased emphasis will be given to serving veterans, Spanish-surnamed and Indian Americans, and to career education.

The $6,000,000 budgeted for Talent Search for each of 1973 and 1974 will provide informational and counseling services to 150,000 students in academic year 1973-74 and to 146,400 students in academic year 1974-75.

The $38,331,000 budgeted for Upward Bound for each of 1973 and 1974 will serve 27,900 students in academic year 1973-74 and 27,400 students in academic year 1974-75. The Federal share of program expenses increases from 80 percent to 100 percent, effective with academic year 1973-74.

For Special Services in College, $26,000,000 budgeted for 1973 will serve 86,700 students in academic year 1973-74. For academic year 1974-75 the budgeted amount is $23,000,000 for Special Services in College and $3,000,000 for Educational Opportunity Centers. The number of students served through Special Services in College will be 74,200; through Educational Opportunity Centers, 30,000. The services provided through these two programs are highly similar, even though the target populations are different in some respects.

The following table shows funds available and the numbers of students served in each program from 1972, 1973, and 1974 funds.

Academic Year	Talent Search	Upward Bound	Special Services in College	Educational Opportunity Centers	TOTALS
1972-73:					
Appropriation....	$ 6,000,000	$35,000,000	$15,000,000	N/A	$56,000,000
Students served..	157,500	32,400	50,000	N/A	239,900
Cost per student.	$38	$1,080	$300	N/A	
1973-74:					
Dollars..........	$ 6,000,000	$38,331,000	$26,000,000	$ ---	$70,331,000
Students served..	150,000	27,900	86,700	---	264,600
Cost per student.	$40	$1,375 1/	$300	---	
1974-75:					
Dollars..........	$ 6,000,000	$38,331,000	$23,000,000	$ 3,000,000	$70,331,000
Students served..	146,000	27,400	74,200	30,000	278,000
Cost per student.	$41	$1,400	$310	$100	

1/ Effective this year, the Federal share changes from 80 percent to 100 percent.

	1973 Estimate	1974 Estimate	Increase or Decrease
Institutional assistance:			
(a) Strengthening developing institutions	$ 99,992,000	$ 99,992,000	$ ---
(b) Construction:			
(1) Subsidized loans	31,425,191	31,425,000	-191
(2) State administration and planning	3,000,000	---	-3,000,000
(c) Language training and area studies	2,360,000	1,360,000	-1,000,000
(d) University community services	5,700,000	---	-5,700,000
(e) Aid to land-grant colleges:			
(1) Lump sum payment - Virgin Islands and Guam	6,000,000	---	-6,000,000
(2) Permanent appropriation (Second Morrill)	2,700,000	2,700,000	---
(f) State postsecondary education commissions	---	3,000,000	+3,000,000
Total	151,177,191	138,477,000	-12,700,191

Narrative

For institutional assistance the request is $12,700,191 less in 1974 than in 1973. As in the past, student assistance has take priority over institutional assistance. Strengthening developing institutions rose to a new level in 1973, about $48,000,000 above the 1972 level. The program is continued at that level in the 1974 request. The $6,000,000 for endowment of land-grant colleges in the Virgin Islands and Guam is a one time appropriation and accounts for half of the decrease between 1973 and 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
Institutional Assistance			
(a) Strengthening Developing Institutions	$99,992,000	$99,992,000	---

Authority and Purpose:

Title III of the Higher Education Act of 1965 authorizes grants to strengthen developing institutions. Developing institutions are defined by the Act as those "colleges which have the desire and potential to make a substantial contribution to the higher education resources of our Nation but which for financial and other reasons are struggling for survival and are isolated from the main stream of academic life."

Limits of Assistance:

The Higher Education Act made 76 percent of Title III appropriations available for four-year colleges and 24 percent available for two-year colleges. All grantee institutions qualifying under the act as developing institutions are small with enrollments generally less than 1,000 students. Less than 25 percent of their faculties hold doctoral degrees. Libraries are small (below 50,000 volumes). Travel of faculty to National professional meetings and student field experience are limited. Laboratory equipment is inadequate and opportunities to conduct research or broaden curricular offerings are consequently highly restricted. Tuition and fees are low because students are largely from low-income families.

Operation of the Program:

Proposals submitted by institutions of higher education which meet the eligibility requirements will be considered by a panel of readers on the basis of the proposal and its appropriateness in responding to the priority of serving the needs of low-income students. Recommendations of the panel are then considered by the Title III staff who are accountable for final decisions.

A primary goal is to strengthen institutions in the area of curriculum development, management capability, faculty growth, and student services. The current concept of a developed institution implies institutional growth which leads ultimately to institutional academic and enrollment growth which is also economically sound. Further, each institution is striving to obtain a well trained, adequately remunerated faculty, which is consistent with its academic program needs, along with adequate financial and physical resources. Over the history of the program, a number of colleges have been moved steadily toward these goals of financial stability and academic improvement. A substantial number of institutions have become fully accredited on the basis of reasonable progress ratings by the national accrediting agencies and have exceeded minimum accreditation standards in many cases.

The Need:

During the present funding period, more than 765 institutions of higher education have submitted 460 proposals requesting approximately $220,000,000. Last year's request totaled approximately $143,500,000. Funding priorities focus on supporting those institutions whose proposals show a determined effort to meet the needs of low income students. This priority singles out at least two categories of institutions which have continuously been recipients of Title III grants--four-year, predominantly black institutions and two-year, public institutions. Predominantly black, developing colleges enroll a high proportion of low-income youths who are often ill-prepared for the academic competition of a fully developed college. The fact that many of these youths are unable financially to afford the rising cost of a college education, suggests that certain developing colleges will continue to educate a large proportion of the low-income students now attending college. Similarly, the public two-year colleges, particularly those located in, or near metropolitan areas and in the deep rural areas, are enrolling increasing numbers of low-income students. Both the predominantly black colleges and the public two-year institutions have an opportunity to develop programs specifically geared to the career needs of these students.

Plans for 1973:

In fiscal year 1973, $51,992,000 will support the continuation of 200 previously funded projects plus 26 new projects. In selecting these projects, the emphasis will be upon those institutions which cannot meet the more exacting requirements of the advanced institutional development program.

A portion ($3.3 million) of the Basic Program funding will be allocated for the training of teachers by developing institutions. This objective, formerly funded under the EPDA authority, has been transferred to the Title III Basic Program.

In addition to the ongoing program, $48 million will be used for new initiati
This advanced institutional development program is described under the heading "Pla
for 1974."

Plans for 1974:

At the same level of funding as in 1973, efforts to move institutions toward developed status will continue under the on-going program, although the accompanying indicators of progress show a plateau in 1974.

It is expected that more visible progress can be achieved with the $48,000,000 devoted to new initiatives, since a limited number of grants will be concentrated on those developing institutions which appear to have the greatest potential for development during the next three to five years based upon a combination of factors including their mission, past performance, current strengths, and plans for the future. The intention is to provide these institutions large enough grants, averaging $1.4 million to be spent over a three-year period, to permit them to achieve a real breakthrough in institutional development. The grantees will be expected to work toward a number of specific objectives including the development of an effective operational planning and management system, the analysis of employment and other post college opportunities for their students, the adjustment of curricula and faculty training to optimize these opportunities, the strengthening of existing programs, and the undertaking of innovative projects to better meet the needs of their students. Institutions will also be required to initiate a long range development plan which will include an institutional mission statement, a definition of goals and objectives, and an analysis of institutional resources. These plans will provide performance criteria against which progress can be measured during the course of the grant and in future years. This program will be closely monitored to insure that this new initiative is achieving its objectives. These efforts outlined above will provide a powerful impetus toward moving developing institutions and their students rapidly into the mainstream of American higher education at both the undergraduate and graduate levels.

SOME INDICATORS OF PROGRESS

OF HIGH POTENTIAL DEVELOPING INSTITUTIONS

Selected Components	Academic Years 1970-1971 Actual	1971-1972 Actual	1972-1973 Actual	1973-1974 Estimated	1974-1975 Estimated
1/ Number of Grantee Institutions	227	198	226	226	226
2/ Number of Institutions with Enrollments Approaching 5,000 students	10	10	11	13	13
2/ Number of Institutions with Total Current Income Exceeding $11 million	5	8	13	14	14
2/ Number of Institutions with Expenditures of $2,300 per student	27	30	32	36	36
2/ Number of Institutions with Libraries Approaching 300,000 volumes	5	8	9	10	10
2/ Number of Institutions with Significant Increase in Gift & Grant Income	13	17	22	26	26
2/ Number of Institutions with Significant Increases in Federal Income	16	20	25	30	30

1/ Number of grantees does not include those funded for $48,000,000 for New Initiatives.

2/ Figures are based upon selected group of high potential developing institutions.

Higher Education Activities - Program Assistance

Strengthening Developing Institutions

I. Basic Program

	1972 Actual			1973 Estimate			1974 Estimate		
	No.	Average Cost	Amount	No.	Average Cost	Amount	No.	Average Cost	Amount
Number of Grantee Institutions	226	$207,182	$46,823,200	226	$204,247	$46,160,000	226	$204,247	$46,160,000
Continuation Awards.	(196)		(42,568,200)	(200)		(40,849,400)	(100)		(20,424,700)
New Awards.	(30)		(4,255,000)	(26)		(5,310,600)	(126)		(25,735,300)
Number of Developing Colleges Participating in Cooperative Arrangements	556			510			510		
National Teaching Fellowships and Professors Emeriti . . .	708	$7,100	5,026,800	720	*$8,100	5,832,000	720	*$8,100	5,832,000
Total			$51,850,000			$51,992,000			$51,992,000

II. Advanced Program
(new initiative)

	1973 Estimate			1974 Estimate		
	No.	Average Cost	Amount	No.	Average Cost	Amount
Grants	35	$1,371,428	$48,000,000	35	$1,371,428	$48,000,000
Total Requested.........			$99,992,000			$99,992,000

*Stipend increased from $6,500 to $7,500 by FY 1972 Educational Amendments.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Construction			
(1) Federal interest subsidies on private loans..................	$31,425,285	$31,425,285	---
New loans........................	(4,500,000)	---	(-4,500,000)
Prior-year loans.................	(26,925,285)	(31,425,285)	(+4,500,000)
Estimated amount of new loans to be subsidized..................	(200,000,000)	---	(-200,000,000)
(2) State administration..............	3,000,000	---	-3,000,000
Total Obligations...............	$34,425,285	$31,425,285	-3,000,000

Narrative

Section 745 of Title VII-C of the Higher Education Act authorizes annual interest subsidization grants to institutions of higher education to reduce the cost of borrowing from non-Federal sources for the construction of needed academic facilities. The grants for State administration and planning were once authorized by Title I of the Higher Education Facilities Act and more recently by the General Education Provision Act; but, in 1974 this function will be absorbed by the State postsecondary education commission authorized by section 1202 of the Higher Education Act, as amended.

Operation of the Program:

For the past several years the Annual Interest Grant Program under the Higher Education Act has been the primary source of Federal assistance in the construction of higher education academic facilities. The interest subsidization program is an effort to attract private capital. The institution or State agency arranges a loan from private sources at a rate acceptable to the Commissioner, and the Federal Government pays a subsidy in an annual amount so that the debt service paid by the institution is the same as it would pay on a 3 percent loan.

The Need:

The sixties saw colleges and universities add some 3,000,000 students to double their enrollment and, through phenomenal effort, provide the necessary higher education facilities. Since the inception of the higher education facilities programs in 1965, the Federal Government has made a significant contribution to the construction of this needed academic space. By the end of fiscal year 1972 some 1,823 institutions will have received assistance in the construction of 3,926 facilities costing approximately $10 billion. The Federal contribution to this effort amounts to $3.5 billion broken down as follows:

	(In millions)
Direct Grants	$1,750
Direct Loans	526
Subsidized Loans	1,224
Total	$3,500

Although many colleges and universities still need some additional space to accommodate a continued increased in enrollment, the need for new construction is not now the national problem that it was in the sixties. Enrollment increase has slowed and new technology, better utilization, and changes in educational delivery systems permit the use of less space per student. It is believed that in 1974 funds from non-Federal sources should be sufficient for construction of the most urgently needed facilities.

Legislative Requirements:

Not more than 12 1/2 percent of the funds provided for this program may be used within any one State.

Institutions receiving annual interest grants must finance at least 10 percent of the development cost of the project from non-Federal sources. For this purpose, a private loan on which an annual interest grant is to be made is considered a Federal source. This means that the institution must provide 10 percent of the project cost from its own funds or from privately borrowed funds on which no Federal annual interest grant is involved.

The annual interest grants to a higher education institution for a given facility shall be for a fixed period not to exceed 40 years. Each such grant shall be in an amount not greater than the difference between (1) the average annual debt service which would be required to be paid during the life of the loan on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution would have been required to pay, during the life of the loan, with respect to such amounts if the applicable interest rate were the maximum rate allowable for direct loans under Title VII-C (3 percent). The interest rate on the loan is subject to the Commissioner's approval.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, 310 grants totaling $9,741,000 were approved to support approximately $515,000,000 in construction loans. In fiscal year 1973, it is expected that 100 grants totaling $4,500,000 will be approved to support $200,000,000 in new loans. In order to meet the most critical needs in higher education, the program, in fiscal year 1973, will give highest priority to public community colleges and technical institutes, developing institutions, and institutions with enrollments of 20 percent or more disadvantaged. Public community colleges are given special attention because of their contribution to career education. State agencies financed under "State" administration and planning have helped the Federal government administer the annual interest grant program.

Request for fiscal year 1974:

An appropriation of $31,425,285 is being requested for fiscal year 1974. This amount will be for continuation support of prior-year loans. Funds are not being requested to subsidize the interest on new loans in 1974.

No funds are requested for "State" administration, but $3,000,000 is being requested for the activities of State postsecondary education commissions established under section 1202 of the Higher Education Act.

Following is a comparison of activity under the program from fiscal year 1970 estimated through 1974:

	Two-Year Schools	Colleges & Univ.	Total
Amount of New Subsidized Loans:			
1970 (Actual)	$ 13,898,000	$105,584,000	$119,482,000
1971 (Actual)	150,000,000	450,000,000	600,000,000
1972 (Actual)	121,032,000	394,057,000	515,089,000
1973 (Estimate)	77,500,000	122,500,000	200,000,000
1974 (Estimate)	---	---	---
Number of new Projects:			
1970 (Actual)	11	75	86
1971 (Actual)	82	271	353
1972 (Actual)	69	241	310
1973 (Estimate)	35	65	100
1974 (Estimate)	---	---	---

Funds were first appropriated for the interest subsidy program in the supplemental appropriation of 1969, but the program did not become operational until late in fiscal year 1970. The following table shows the loans subsidized, appropriations, and obligations incurred for new loans versus continuation of old loans, and amounts carried forward.

Funding of Subsidies on Construction Loans

	1970[1/]	1971	1972	1973	1974
Amount of loans subsidized	$119,482,000	$600,000,000	$515,089,000	$200,000,000	---
Appropriations	15,670,000	21,000,000	29,010,000	14,069,094	$31,425,285
Obligations incurred:					
New loans	3,792,899	14,503,934	9,740,979	4,500,000	---
Continuation of prior year loans	---	3,757,809	17,804,758	26,925,285	31,425,285
Recoveries	---	105,644	1,170,926	---	---
Net obligations	3,792,899	18,156,099	26,374,811	31,425,285	31,425,285
Carry forward	11,877,101	14,721,002	17,356,191	---	---

1/ Includes 1969 supplemental.

	1973	1974	Increase or Decrease
Institutional assistance:			
(c) Language training and area studies:			
(1) Centers, fellowships, and research (NDEA VI).........	$ 1,000,000	$ ---	$ -1,000,000
(2) Fulbright-Hays training and research grants............	1,360,000	1,360,000	---

These programs help American institutions of higher education better serve the national interest by strengthening the academic base for teaching and research in modern foreign languages, area studies, and world affairs.

(1) Centers, Fellowships, and Research (NDEA VI)

Authority and Purpose:

Title VI of the National Defense Education Act was enacted in 1958 to help remedy the serious national shortage of specialists on the non-Western world required to serve the growing needs of education, government, and business. Title VI assistance has helped establish more than 100 foreign language and area studies centers in American higher education and has helped develop a pool of more than 5,000 highly trained specialists on the non-Western world. The program has also produced the bulk of language teaching materials needed for acquiring beginning-level proficiency in most of the uncommonly-taught major languages of the non-Western world.

Activities in Fiscal Year 1972:

Institutional and student assistance was targeted on academic disciplines and world areas in which there is a shortage of trained personnel. Funds also supported new initiatives in training and research.

Centers:

To train specialists for careers requiring knowledge of other countries and cultures, $5,899,000 was allocated among 106 foreign language and area studies centers located throughout the United States. In academic year 1971-72, these centers offered instruction in 85 modern foreign languages and related area studies courses for an estimated 104,000 students.

International Studies Programs:

To stimulate more effective utilization of existing institutional resources and to develop new approaches to undergraduate and professional education in international studies, $540,000 was obligated to initiate 18 time-limited pilot programs. These included six two-year graduate programs for research and training on interregional issues and problems in fields such as comparative urban studies, technology and social change, and international trade and business.

At the undergraduate level, 12 two-year projects designed to add an international component to general post-secondary education and to teacher training were begun.

Summer Programs:

An amount of $501,000 in program funds assisted 27 summer institutes providing intensive instruction in selected modern foreign languages, with particular emphasis on those languages not widely available during the academic year.

Fellowships:

A sum of $5,982,082 provided 1,780 graduate fellowships and 354 undergraduate stipends for students planning careers in teaching or public service requiring knowledge of modern foreign languages and related fields.

Research:

An amount of $994,096 supported 39 research projects on the language learning process, the methodology of foreign language teaching, the preparation of materials for the uncommon languages, and the development of baseline studies and curricular materials for international and intercultural education.

Plans for Fiscal Year 1973: and 1974:

This program is being phased out. In fiscal year 1973, $1,000,000 is requested for these programs. Of this amount, $470,000 will fund 14 foreign language and area studies research projects. The additional $530,000 will fund the final phase of the 18 two-year pilot programs in international studies initiated in fiscal year 1972. No funds are requested for these activities in fiscal year 1974

The urgent need for highly trained specialists in foreign language and area studies has largely been met since the program was initiated. The continuing need for such experts should now be filled by people who are sufficiently interested to pursue their studies in the absence of a special Federal program, while the Centers which rely on Federal support for only 10% of their funding should now be able to assume the full cost.

(2) Fulbright-Hays Training Grants

Authority and Purpose:

Programs funded under Section 102(b)(6) of the Fulbright-Hays Act help provide the overseas capability to strengthen American education in foreign languages, area studies, and world affairs. Adequate opportunities for research and study abroad are critical in developing the professional competence of language and area studies specialists. While in absolute terms there has been substantial growth over the past decade in the numbers of specialists with some overseas experience, a recent survey reveals an immediate need to extend the depth and scope of experience abroad for the majority of specialists employed in colleges and universities.

Geared to meet national needs, the Fulbright-Hays programs administered by the Office of Education provide a limited number of research scholars in foreign language and area studies and other educators with a means for acquiring first-hand experience in their area of specialization to update and extend research knowledge and to improve language skills. Program assistance includes fellowships for faculty and doctoral dissertation research, group projects for research, training and curriculum development, and curriculum consultant services of foreign educators to improve international and intercultural education in U.S. schools and colleges.

Activities in Fiscal Year 1972:

A total of $1,323,179 provided 174 grants for research and training abroad. Doctoral dissertation research fellowships totaling $985,447 enabled 151 graduate students preparing for college and university teaching careers to conduct field research in 53 countries. Topics included the political dynamics of health care in China, the law and administration of environmental quality in the U.S.S.R, the 1970 presidential election in Chile, and decision-making in Japanese industry. A total of $22,310 funded 2 fellowships for faculty research abroad.

Of the seven group projects abroad, two assisted 73 participants in the two American inter-university intensive language training programs which provide the most advanced instruction regularly available abroad to American students of Japanese and Chinese. Five projects were ethnic heritage summer seminars for 116 teachers and administrators and were held in West Africa, Japan, Taiwan, and Mexico. These seminars are designed to improve understanding of the cultural origins of ethnic minority groups in the United States.

In addition, 14 curriculum consultant grants helped provide U.S. schools, State departments of education, and smaller four-year colleges with opportunities to bring educational specialists from 9 countries to the U.S. to assist in developing curricula and teaching materials in international studies. Finally, $10,000 funded professional support services for Office of Education grantees abroad.

Activities in Fiscal Year 1973:

The requested $1,360,000 will support research and training opportunities abroad for 362 teachers and prospective teachers of foreign language and area studies. A total of $750,000 will provide doctoral dissertation research fellowships for 111 advanced graduate students. An estimated $300,000 will be used to assist 9 high priority group projects providing (1) intensive training at an advanced level in selected non-Western languages, and (2) summer workshops or seminars related to domestic ethnic studies programs and to the development of intercultural understanding in U.S. schools. The sum of $160,000 will provide cost-sharing grants for 20 American institutions bringing foreign educational consultants to the United States to assist in developing instructional materials. In addition, $140,000 will provide 20 fellowships for faculty research in East and Southeast Asia and Eastern Europe on international topics related to contemporary issues and problems. Finally, $10,000 will provide professional support services for the Office of Education's grantees abroad.

Plans for Fiscal Year 1974:

Of the $1,360,000 request, $750,000 would make possible 111 doctoral dissertation research fellowships for prospective college teachers of foreign language and area studies with particular emphasis on world areas and disciplines in which there is a significant shortage of well-trained specialists. An additional $140,000 would provide 20 grants for faculty research in East and Southeast Asia and Eastern Europe to reinforce professional skills and to help faculty remain current in their field of specialization. A total of $300,000 is requested to fund 9 group research and training projects abroad for about 230 participants. These participants will attend either inter-university centers abroad for research or advanced training in selected non-Western languages, or summer seminars related to domestic ethnic studies programs. A sum of $160,000 would assist 20 American institutions with cost-sharing grants to bring foreign educational consultants to the United States to help develop instructional materials in international studies. Priority will be given to large school systems, State departments of education, and smaller colleges with teacher education programs. In addition, $10,000 will be allocated for professional support services to the Office of Education grantees abroad.

Fulbright-Hays Training Grants

	1972 Actual	1973 Estimate	1974 Estimate
A. Doctoral Dissertation Research Abroad:			
Number of fellowships.................	151	111	111
Average cost..........................	$6,526	$6,756	$6,756
Total cost............................	$ 985,447	$ 750,000	$ 750,000
B. Faculty Research Abroad:			
Number of fellowships.................	2	20	20
Average cost..........................	$11,155	$7,000	$7,000
Total cost............................	$ 22,310	$ 140,000	$ 140,000
C. Group Projects Abroad:			
Number of projects....................	7	9	9
Average cost..........................	$30,172	$33,333	$33,333
Total cost............................	$ 211,209	$ 300,000	$ 300,000
Number of participants................	189	231	231
D. Foreign Curriculum Consultants:			
Number of projects....................	14	20	20
Average cost..........................	$6,729	$8,000	$8,000
Total cost............................	$ 94,213	$ 160,000	$ 160,000
E. Professional Support Services.........	$ 10,000	$ 10,000	$ 10,000
TOTAL, FULBRIGHT-HAYS COSTS..........	$1,323,179	$1,360,000	$1,360,000

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) University Community Services	$5,700,000	-0-	-$5,700,000

Narrative

Authority and Purpose:

The program authorized by Title I of the Higher Education Act, provides grants to States to strengthen the community service programs of colleges and universities to help solve community problems. In addition, this program encourages the development of State-wide systems of community service and the establishment of new inter-institutional services and programs.

The Education Amendments of 1972 authorize the Commissioner to reserve 10 percent of sums appropriated to provide assistance to institutions of higher education for the purpose of carrying out special projects and programs designed to seek solutions to technological, social and environmental pollution problems that have regional and national impact.

Operation of the Program:

The State-grant program is administered in each State by an agency appointed by the Governor, under a State Plan approved by the U.S. Commissioner of Education. The State agency determines annually the problem areas to which Title I resources are to be applied. While the State agencies establish program priorities and approve institutional proposals to be funded, the Office of Education provides consultation and leadership to meet national needs.

Accomplishments in fiscal years 1972-1973:

During the fiscal year 1972, the State agencies activated 528 community service projects involving 571 institutions of higher education, and approximately one million participants. In addition, large numbers of persons were reached by mass media. Of the 528 projects, 108 involved inter-institutional or consortium arrangements.

During 1972, projects involving aid to the disadvantaged and training of local government employees were emphasized. The States supported fewer but larger and more comprehensive programs than in the past. By capitalizing on past experience, effective projects were developed that utilized faculty and students in meaningful long-term community service programs that will remain as permanent features of the institutions.

Although only $5,700,000 was requested for 1973, $15,000,000 was appropriated. Rescission of the $9,300,000 difference is recommended by this budget. As the first stage in phasing out this program, the $5,700,000 will be used to continue a small group of projects initiated in prior years. In 1973, therefore, the total number of projects funded by the States is expected to drop to 200 and to involve approximately 350 institutions. Of the projects supported about 60 will employ the combined resources of 2 or more colleges and universitites.

Objectives for fiscal year 1974:

No funds are requested for the program in 1974. This program has a lower priority than, for example, helping economically disadvantaged obtain a postsecondary education. While many of the projects funded by this program have been useful, program content has been diverse and scattered. It is believed that cooperation between universities and communities can occur without a special Federal program to finance the projects.

Program Statistical Data:

	1972 Actual	1973 Estimate	1974 Estimate
Number of projects	528	200	---
Number of institutions participating	571	350	---
Inter-institutional projects	108	60	---
Participants	950,000	400,000	---
Average cost per project	$15,820	$23,000	---
Percentage of funds benefiting the poor	20%	20%	---
Percentage of funds integrated with:			
Model Cities Programs	8%	4%	---
Environmental education	25%	21%	---
Local government training	17%	15%	---
Drug abuse education	10%	5%	---

	1973	1974	Increase or Decrease
(e) Aid to Land-Grant Colleges			
(1) Permanent Appropriations	$2,700,000	$2,700,000	---
(2) Bankhead-Jones Act.............	---	---	---
(3) Guam, Lump sum in lieu of land..	3,000,000	---	-$3,000,000
(4) Virgin Islands, lump sum in lieu of land	3,000,000	---	-$3,000,000
Total......................	$8,700,000	$2,700,000	-$6,000,000

Narrative

Authority and Purpose:

In 1862, the Congress provided Federal aid to higher education with the First Morrill Act which granted to each State public lands or the equivalent in script. The proceeds from the sale of this land were to be used to endow, support, and maintain colleges for, among other subjects, the teaching of agriculture and the mechanic arts. In 1890, the Second Morrill Act provided for permanent annual appropriations. By subsequent supplemental legislation this now amounts to $2,700,000 and assures an annual grant of $50,000 to each State, Puerto Rico, Virgin Islands, Guam, and the District of Columbia. In 1935, the Congress passed the Bankhead-Jones Act, Section 22 of which, as amended, authorizes an annual appropriation of $12,460,000.

Fiscal Year 1973 and 1974:

The Education Amendments of 1972 provided that the College of the Virgin Islands and the University of Guam shall be considered land-grant colleges established for the benefit of agriculture and mechanic arts in accordance with the provisions of the Act of July 2, 1972. In addition to granting them land-grant status they each received a one-time endowment of $3,000,000 in lieu of land.

Bankhead-Jones funds are a relatively minor source of funds for these colleges and universities, which include some of the strongest and most prestigious educational institutions in the country. The smaller and poorer land-grant institutions, particularly the predominantly black land-grant institutions in the South, will continue to be aided by the developing institutions program (Title III of the Higher Education Act of 1965. The budget, therefore, requests rescission of the $10,000,000 appropriated for the Bankhead-Jones program, and requests no funds for 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
(f) State Postsecondary Education Commissions--Administration and Planning..............................	---	$3,000,000	$+3,000,000

Narrative

Authority and Purpose:

Section 1202 of Title XII of the Higher Education Act, as amended, provides for the establishment of State Postsecondary Education Commissions which are broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the States including community colleges, junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches, thereof.

Request for fiscal year 1974:

In fiscal year 1974, an appropriation of $3,000,000 is requested for this program. This is the first full year of operation of the new Commissions, and it is anticipated that $3,000,000 will provide the necessary funds for both their administrative expenses and the initiation of broad comprehensive planning.

	1973	1974	Increase or Decrease
College personnel development:			
(a) College teacher fellowships......	$ 20,000,000	$ 5,806,000	$-14,194,000
(b) Allen J. Ellender fellowships....	500,000	500,000	---
(c) Fellowships for disadvantaged....	---	750,000	+750,000
Total..........................	20,500,000	7,056,000	-13,444,000

Narrative

The 1974 budget continues the phase-out of the college teacher fellowships, and it includes requests for Ellender fellowships and fellowships for disadvantaged. In the case of college teacher fellowships, funds are requested to allow veterans to resume fellowships interrupted by service. The Ellender fellowships are to help high school students and their teachers learn about the Federal government. The $750,000 requested under fellowships for disadvantaged will allow the Office of Education to continue the CLEO (Council on Legal Educational Opportunity) program provided that the authorizing legislation is amended as described under that subactivity.

	1973	1974	Increase or Decrease
College Personnel Development: (a) College Teacher Fellowships (HEA IX - B)...............	$20,000,000	$5,806,000	($-14,194,000)

Authority and Purpose:

Title IX, Part B of the Higher Education Act authorizes fellowships to students studying for the Ph.D. degree, or equivalent, who intend to become college teachers. This program aids graduate schools in developing interdisciplinary programs designed to prepare teachers in fields of emerging manpower needs, and helps Fellows, after military service, resume their preparation for academic careers in such fields.

Limits of Assistance:

Fellowship holders receive a stipend of $3,000 for the year. In addition, they receive a dependency allowance of $500 per dependent. The institutions attended by the fellows receive an educational allowance of $3,000 per year.

Fiscal Years 1973 and 1974:

The program was initiated to remedy a shortage of college teachers with Ph.D. degrees. That purpose has been accomplished, and the program, therefore, is being phased out. The Office has made no first year awards ("new starts") since academic year 1971-72 (1971 Appropriation).

A fiscal year 1973 appropriation of $20,000,000 will support (during 1973-74) 2,100 fellows in their third year of doctoral study. In addition, it will support 880 veterans resuming their fellowships after completion of their military service. No new fellowships will be awarded.

A fiscal year 1974 appropriation of $5,806,000 will support (during 1974-75) 876 fellowships for veterans.

College Teacher Fellowships

Program Statistical Data

	Average 1972	Cost[1] 1973 & 1974	FY 1972 No. of Awards	FY 1972 Amount	FY 1973 No. of Awards	FY 1973 Amount	FY 1974 No. of Awards	FY 1974 Amount
First Year (new)	$5,400	$6,500	-0-	-0-	-0-	-0-	-0-	-0-
Second Year	5,725	6,625	2,100	$11,802,000	-0-	-0-	-0-	-0-
Third Year	6,050	6,725	2,370	14,079,000	2,100	$14,170,000	-0-	-0-
Veterans	5,825	6,625	180	1,029,000	880	5,830,000	876	$5,806,000
Grand Totals			4,650	$26,910,000	2,980	$20,000,000	876	$5,806,000

(1) In 1973-74 a new stipend and institutional allowance will go into effect; i.e., $3.000 stipend and $3,000 Institutional allowance. Dependency allowance will remain at $500 per dependent.

	1973	1974	Increase or Decrease
College personnel development (b) Allen J. Ellender Fellowships......	$500,000	$500,000	---

Authority and Purpose:

P.L. 92-506 authorizes the Commissioner of Education to make grants to the Close Up Foundation of Washington, D. C. to help the foundation carry out its program of increasing understanding of the Federal Government among secondary school students, their teachers, and the communities they represent.

Operation of the program:

The Commissioner enters into an annual agreement with the Close Up Foundation based upon an application which authorizes: 1,500 fellowship grants for economically disadvantaged secondary school students and to secondary school teachers. No more than one secondary school teacher in each participating school may receive a fellowship grant.

Accomplishments during fiscal year 1973:

This is the first year in which funds have been appropriated for this program. The $500,000 will support a program beginning in the Spring.

Plans for fiscal year 1974:

Approximately 1,500 additional fellowship grants will be awarded made to economically disadvantaged secondary school students and their teachers.

	1973	1974	Increase or Decrease
(c) College Personnel Development Fellowships for the Disadvantaged.....	---	$750,000	$+750,000

Narrative

Authority and Purpose:

Legislation will be proposed to permit the Office of Education to fund CLEO (Council on Legal Educational Opportunity) as it has been funded by the Office of Economic Opportunity. While section 961(a)(2) of the Higher Education Act was intended to authorize funding CLEO, it requires payments for each participant which, combined with the $1,000,000 appropriation limit, would force a drastic reduction in the number of participants. The proposed legislation would permit funding CLEO administrative costs as OEO has.

Need

In 1970, only one percent of the lawyers in the United States were black, Spanish-Speaking, or American Indian, while these minorities constitute about 17 percent of the general population. As laws and regulations increase in complexity, the need for competent legal counsel to serve the disadvantaged becomes imperative, especially in the areas of housing, consumer credit, medical assistance and welfare programs. Increasingly, the need is for attorneys with backgrounds similar to those of their clients.

Recruitment of more minority law students has been impeded because of several factors. One important factor, to which this fellowship program is addressed, is the lack of adequate financial resources.

Accomplishments during 1973:

It is expected that 1973 Office of Economic Opportunity (OEO) funds will support the program during the 1973-74 academic year. OEO is expected to obligate

$220,000 for administrative costs and $500,000 for support of the participants. The $500,000 is for 200 participants at $1,000 each for 3 years with a minus of $100,000 for expected attrition:

200 participants times $1,000	=	$ 200,000
Multiplied by 3 years	=	600,000
Minus $100,000 expected attrition	=	500,000
Plus CLEO administrative expenses of $220,000	=	750,000

The $1,000 a year shown above helps finance the students once they are in law school. To help the students qualify for entry into law school, the Office of Education will pay about $200,000 for Summer institutes.

Plans for 1974:

As mentioned above, legislation will be submitted to permit the Office of Education to fund the program as it has been funded by OEO. Under current legislation, the $750,000 requested would fund only 31 students, compared with 200 under OEO, and would provide nothing for CLEO administration.

Program Purpose and Accomplishments

Activity: Basic opportunity grants

	1974	
1973	Authorization	Budget Estimate
$622,000,000	Indefinite	$959,000,000

Purpose: In conjunction with other forms of aid, the purpose is to enable qualified students to overcome financial obstacles to a postsecondary education.

Explanation: The Commissioner will develop a needs analysis system including a schedule of expected family contribution for this program and submit it to Congress for approval. At full-funding no Basic Grant can exceed one-half of the total cost of attendance at the institution in which the student is enrolled. At less than full-funding the law provides a specific formula for reducing the amount of each student's grant. Since, in no case, can Basic Grants exceed one-half cost of attendance, this program must be supplemented by other forms of student aid.

Accomplishments in 1973: The $622,000,000 requested in 1973 will fund the first year of the program in academic year 1973-74. That amount is expected to provide grants averaging $400 to 1,577,000 students. Of the $622,000,000 total, $11,500,000 will be used to administer the program.

Objectives for 1974: It is estimated that the requested $959,000,000 will fully fund the program in 1974-75 in addition to paying $11,500,000 in administrative costs. The 1,577,000 grants would average $600.

Activity: College work-study (Title IV-C, Higher Education Act of 1965, as amended)

	1974	
1973	Authorization	Budget Estimate
$250,000,000	$390,000,000	$250,000,000

Purpose: For some students, Work-study earnings will supplement Basic Opportunity Grants. The requested funds will provide grants to institutions for a portion of the wages paid to needy students. Under the 1972 amendments preference for employment under the program is given to students with the greatest financial need, taking into account grant assistance provided from any public or private sources. Previously, preference was given to students from low-income families.

Explanation: Funds are awarded and administered under an agreement between the Commissioner and each eligible institution of higher education, proprietary institutions of higher education or area vocational-technical schools. The institution applies for funds expected to be needed by its students; the applications are then reviewed by a Regional Panel composed of practicing financial aid officers and Federal financial aid staff members. Funds are distributed among the institutions within a State by formula, based on the Regional Panel's recommendations. Federal funds may be used to pay up to 80 percent of the wages paid to students selected by the institution for participation; the institution must provide the matching share of 20 percent. Employment may be for the institution itself or at public or private nonprofit agencies with which the participating institution has contracted. Both full-time and half-time students attending eligible institutions are now eligible. Previously only full-time students could be employed under the program.

Accomplishments in 1973: Funds appropriated for the fiscal year 1973 will be used for program operation during academic year 1973-74 and, in some cases, will provide additional financial aid to Basic Grant recipients.

Objectives for 1974: The same level of support is requested in 1974 as for 1973. The budget request anticipates aid to 545,000 students in 1974-75, the same as the 1973-74 level.

Activity: Cooperative education

	1974	
1973	Authorization	Budget Estimate
$10,750,000	$10,750,000	$10,750,000

Purpose: This program alternates periods of full-time study with periods of full-time career-related work, thus providing students with both a means of financial assistance and with work experience.

Explanation: After an institution has met eligibility requirements established by the Commissioner, its proposal is reviewed and evaluated by a panel of consultants from outside the Office of Education. The final funding decision rests with the Office of Education. To the extent that funds are available, proposals are supported according to their merit, with special attention given to the national and educational needs to be served. After notification of award has been made and accepted by an institution, the grantee and Cooperative Education staff negotiate the budget in the context of program objectives.

Accomplishments in 1973: The 1973 budget request of $10,750,000 will enable funding some 250 grantees for an average of $40,000, thus enabling 250,000 to 300,000 students to participate. Awards this year also will support research and training of program directors and coordinators as well as program administration at institutions of higher education.

1974 Planning Objectives: The requested appropriation will continue the 1973 level. Most of the 250 grants will go to higher education institutions for the administration of cooperative education programs. In addition, some grants will be for training administrators and others for research programs in cooperative education.

Activity: Guaranteed Student Loan Program

	1974	
1973	Authorization	Budget Estimate
$245,000,000	Indefinite	$310,000,000

Purpose: The objective of the Guaranteed Student Loan Program is to make it possible for students to borrow from private lenders to help pay for the cost of education and training at universities, colleges, and vocational schools with the Federal Government paying part of the interest for qualified students. Loans are either guaranteed by State or private nonprofit agencies or insured by the Federal Government.

Explanation: Most colleges, universities and schools of nursing and many vocational and technical schools are eligible. Generally, any public or private educational institution located in the United States or elsewhere that offers at least a one-year program of study leading to a degree or employment in a recognized occupation is eligible.

Banks, savings and loan associations, credit unions, pension funds, insurance companies and similar institutions subject to examination and supervision by the State or Federal Government are eligible to become lenders under this program. Eligible schools and State agencies may also qualify as lenders.

The main items of expense are "interest benefits" to students and a special allowance for lenders. While the student is in school, during the maximum 12-month grace period, and during periods of authorized deferment, the Federal Government pays the total interest up to the maximum 7 percent on loans that qualify for such a subsidy. Through February 28, 1973, students whose adjusted family income was less than $15,000 per year qualified for the subsidy. Under the Education Amendments of 1972 (P.L. 92-318) to become effective March 1, 1973, students apply for Federal interest benefits by submitting to the lender a recommendation by the educational institution as to the amount needed by the student to meet his educational costs. The special allowance varies with the condition of the money market and the unpaid balance of loans made after August 1, 1969.

Accomplishments in 1973: In fiscal year 1973, an estimated total of 1,256,000 loans amounting to $1.3 billion were guaranteed. A funding level of $245 million was required to support this new loan volume and prior year loans.

Objective for 1974: In fiscal year 1974, a funding level of $310 million is required to support prior year loans and estimated new loan volume of 1.5 million loans for $1.7 billion.

	Guaranteed Student Loans		
Loans Approved	1972	1973(Estimate)	1974(Estimate)
Number	1,256,000	1,256,000	1,533,000
Amount	$1,301,577,000	$1,355,830,000	$1,671,000,000
Average	$1,036	$1,079	$1,090

Activity: Direct loans

	1974	
1973	Authorization	Budget Estimate
$293,000,000	$400,000,000	$5,000,000

Purpose: The direct loan program was established to encourage and assist institutions of higher education in making low-interest loans available to needy students. There is a provision for loan cancellation benefits to students who enter the field of teaching or military service.

Explanation: Federal capital contributions are allotted to the States on a formula basis. Institutions apply to the Office of Education for their share of the State allotment but must match one-ninth of the Federal share. Loans are made to the institutions who find this matching a hardship. If eligible requests exceed funds available, funds are distributed in the same ratio to request as total availability to total request.

Accomplishments in 1973: It is estimated that 624,500 students will borrow $430,919,000 under this program during 1973 and that $23,600,000 will be obligated late in 1973 for use by students during academic year 1973-74.

Objectives for 1974: In addition to the $23,600,000 obligated late in 1973, another $40,000,000 is likely to be carried over into 1974 by institutional revolving funds compared with an estimated $30,000,000 to be carried into 1975. Repayment of loans is estimated at $150,000,000. The net of these and other transactions should produce $180,883,000 for use during 1974 although no new capital will be supplied by the Federal Government. This will make loans averaging $600 available to 301,500 students.

Activity: Special programs for disadvantaged students

	1974	
1973	Authorization	Budget Estimate
$70,331,000	$100,000,000	$70,331,000

Purpose: The special programs for disadvantaged students encompass Talent Search, Upward Bound, Special Services in College, and Educational Opportunity Centers. All these are concerned with helping disadvantaged students receive a postsecondary education. Talent Search seeks out those who are financially and culturally needy but are of obvious college material. Upward Bound looks for those whose potential is hidden or at least not academically discernible. Special Services in College provides guidance, counseling, remedial teaching and other encouragement to those already accepted by or in college who need special attention just to start off even with other students.

Explanation: Talent Search grants to or contracts with institutions of higher education, public and private agencies, combinations of institutions of higher education and public and private nonprofit agencies and organizations may be made in amounts up to $100,000 per year.

Upward Bound grants are awarded on a competitive basis from proposals submitted by accredited institutions with residential facilities.

Special Services grants are awarded on a competitive basis from proposals submitted by institutions of higher education or combinations of same.

Accomplishments in 1973: The $70,331,000 requested in 1973 will serve 264,000 students during academic year 1973-74. Special emphasis will be given to the funding of projects which serve Spanish-surnamed and American Indian youth and projects with career education components.

Plans for 1974: With the same level of funding in 1974 as in 1973, the program will be similar except that the new Educational Opportunity Centers will be funded for the first time. Compared with 1973, Special Services in College will be reduced by $3,000,000 to make funds available for the centers. The centers will perform services similar to those under Talent Search and Special Services in for Disadvantaged, but the centers will serve students in a particular area. They are not attached to a particular school.

Activity: Strengthening developing institutions

	1974	
1973	Authorization	Budget Estimate
$99,992,000	$120,000,000	$99,992,000

Purpose: Grants are made to strengthen institutions of higher education which need financial assistance in order to develop as institutions offering a quality education to the students they serve.

Explanation: Proposals submitted by institutions of higher education are reviewed by a panel of readers. Recommendations are made to the program staff for final decision. Proposals are reviewed for quality and for their capacity to serve the needs of low-income students, especially minority groups.

Accomplishments in 1973: With $51,992,000 of the 1973 funds, 200 previously funded projects and 26 new projects will be funded. This part of the program will include $3,300,000 for Teacher Training in Developing Institutions, to increase the capacity of developing institutions to provide higher quality of teaching training.

The remaining $48,000,000 of the request will be concentrated on large grants to high potential institutions to help them achieve a breakthrough in institutional development.

Plans for 1974: The 1974 funds will be used to continue the 1973 effort through academic year 1974-75. As in 1973, the on-going program will fund 226 grants in which 510 institutions will participate. More rapid and visible progress toward a developed state is expected in the case of institutions selected to participate in the advanced institutional development program. Again, $48 million of the $99,992,000 will be used to fund a limited number of grants to developing institutions which have the greatest potential for development during the next three to five years based upon a combination of factors including their mission, past performance, current strengths, and plans for the future. The intention is to provide these institutions large enough grants, averaging $1.4 million to be spent over a three-year period, to permit them to achieve a real breakthrough in institutional development.

Activity: Construction

		1974	
	1973	Authorization	Budget Estimate
Appropriation..	$17.069,000 1/	$425,750,000	$31,425,000
Obligations .	34,425,000 1/		31,425,000

1/ Includes State administration and planning.

Purpose: To provide grants, loans, and interest subsidies to institutions of higher education to assist in financing the construction of academic facilities.

Explanation: Prior to fiscal year 1970, grants and direct loans were the primary method of Federal financing for higher education construction. In 1970, the Annual Interest Grant program was put into operation as a means of assisting more institutions. Through the end of 1972, the Federal Government had agreed to pay interest subsidies on loans amounting to $1,234,571,000. In 1972, $43,000,000 was appropriated for facility grants though no funds were requested and none are requested for 1973 or 1974.

Objectives for 1973: Under the Annual Interest Grant program in 1973, $26,925,000 will be obligated for continuation support of prior year loans, $4,500,000 new grants to support an estimated $200,000,000 in loans. This level of new loans is a significant reduction from the 1972 level of $515,089,000, but is considered sufficient to cover the highest priority needs. For State administration, $3,000,000 will be granted to States, a part of which will be used to establish the agencies authorized by Section 1202 of the Higher Education Act.

1974 Planning Objectives: Although many colleges and universities still need some additional space to accommodate a continued increased in enrollment, the need for new construction is not now the national problem that it was in the sixties. Enrollment increase has slowed and new technology, better utilization, and changes in educational delivery systems permit the use of less space per student. It is believed that in 1974 funds from non-Federal sources should be sufficient for construction of the most urgently needed facilities. Furthermore, the authority of States to issue securities which are exempt from Federal taxes gives them substantial borrowing power with which to aid public institutions. For these reasons, and because of administration priorities, no funds are requested for construction grants or for new loans. Since no Federally assisted new construction is anticipated, no funds are requested for State Administration and planning for such construction. For the State postsecondary commission authorized by section 1202 of the Higher Education Act, however, $3,000,000 is requested.

Activity: Language training and area studies

	1974	
1973	Authorization	Budget Estimate
$ 2,360,000	$ 1/	$ 1,360,000

1/ Indefinite for Fulbright-Hays and $75,000,000 for NDEA VI.

Purpose: Programs funded under this activity are aimed at improving the capabilities and resources of American educational institutions for research and training in international studies. University centers, programs, fellowships, and research in the U.S. are supported as well as research and training abroad.

Explanation: Applications are received from U.S. institutions of higher education, individual researchers, State education agencies, public school systems, and non-profit education agencies. All new proposals are reviewed by the program staff with the advice of outside academic consultants. The staff recommends final approval on all projects to the Director of the Institute of International Studies. Recommended overseas projects are also forwarded to appropriate U.S. diplomatic missions and binational commissions for comment on feasibility. A final review for overseas projects under the Fulbright-Hays Act is made by the Board of Foreign Scholarships, an autonomous body appointed by the President to provide general supervision for all programs carried out under this Act.

Accomplishments in 1973: For fiscal 1973, $1,000,000 is requested to phase out work authorized by Title VI of the National Defense Education Act. About $470,000 has already been obligated under authority of the continuing resolution to fund 14 foreign language and area studies research projects. The remaining $530,000 will fund the final phase of the 18 two-year pilot programs in international studies initiated in fiscal year 1972.

To continue the Fulbright-Hays program, $1,360,000 is requested. This amount will support research and training opportunities abroad for 362 teachers and prospective teachers of foreign language and area studies. The breakdown of 1973 activities is virtually identical to that listed below for fiscal 1974.

Objectives for 1974: The fiscal 1974 estimate of $1,360,000 covers only the Fulbright-Hays portion of language training and area studies. This estimate includes $750,000 for 111 doctoral dissertation research fellowships, $140,000 for 20 faculty research grants, $300,000 for 9 group research and training projects, $160,000 for 20 American institutions, and $10,000 for professional support services to Office of Education grantees abroad.

No funds are requested for centers, fellowships, and research authorized by NDEA VI. The Centers can continue without Federal support which, on the average, accounts for only 10 percent of their budgets. The urgent need for highly trained specialists has largely been met, and it is expected that the continuing need for such personnel can be satisfied by individuals who are interested enough to pursue the career in the absence of a special Federal program.

Activity: University community services (Title I, Higher Education Act of 1965)

	1974	
1973	Authorization	Budget Estimate
$5,700,000 1/	$40,000,000	---

1/ Includes $100,000 for Advisory Committee.

Purpose: The University Community Service grants strengthen community service programs of colleges and universities to help solve community problems.

Explanation: Funds are awarded on a formula basis to the 50 States, the District of Columbia, Guam, Puerto Rico, Virgin Islands and American Samoa. Each State has to provide one-third matching funds based on the total cost of its approved programs. A State agency appointed by the governor administers the funds in each State by determining priorities and approving proposals. The Office of Education provides consultative services and offers leadership in identifying and encouraging the funding of national priorities.

Accomplishments in 1973: Because the administration is giving a higher priority in 1973 to the other programs, only $5,700,000 (including $100,000 for the advisory committee) was requested. This budget requests the Congress to rescind the $9,300,000 difference between the request and the $15,000,000 appropriated.

Objectives for 1974: While many of the projects funded by this program have been useful, program content has been diverse and impact has been scattered. One feature that is common to the diverse projects is cooperation between the university and the community. Such cooperation should not require Federal funding. For these reasons no appropriation is requested for 1974.

Activity: Aid to land-grant colleges

	1974	
1973	Authorization	Budget Estimate
$8,700,000[1]	$15,160,000[1]	$2,700,000[1]

[1] Includes $2,700,000 for the permanent appropriation under the Second Morrill Act.

Purpose: Funds are awarded to support instruction in agriculture, the mechanic arts, the English language and various branches of the sciences.

Explanation: The Second Morrill Act of 1890, as amended, provides a permanent annual appropriation of $2,700,000 to be allotted, $50,000 to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The Bankhead-Jones Act, as amended, authorizes an annual appropriation of $12,460,000.

Accomplishments in 1973: In fiscal year 1973, $2,700,000 will be distributed under the Second Morrill Act. No funds were requested under Bankhead-Jones and it is requested that the $10,000,000 appropriated be rescinded. As authorized by the Education Amendments of 1972, a onetime $6,000,000 endowment was appropriated as an endowment in lieu of a land grant for Guam and the Virgin Islands.

1974 Planning Objectives: Bankhead-Jones funds are a relatively minor source of funds for most land-grant institutions which include some of the strongest and most prestigious colleges and universities in the country. The smaller and poorer land-grant institutions that are exceptions to this rule are those predominantly black schools that are being aided by the developing institutions program (Title III of the Higher Education Act). In 1974, therefore, no funds are requested. The $2,700,000 represents the permanent appropriation under the Second Morrill Act.

Activity: State postsecondary education commissions (Section 1202, Higher Education Act, as amended)

	1974	
1973	Authorization	Budget Estimate
$ ---	Indefinite	$ 3,000,000

Purpose: For comprehensive planning of postsecondary education by State agencies as authorized by Section 1202 of the Higher Education Act, as amended.

Accomplishments in 1973: A part of the 1973 appropriation under the heading State administration and planning for construction will be available to start up the new agencies.

Objectives for 1974: The $3,000,000 requested in 1974 will finance the first full year of the new postsecondary planning agencies authorized by section 1202 of the Higher Education Act.

Activity: College teacher fellowships (Title IX, Part B, Higher Education Act, as amended)

	1974	
1973	Authorization	Budget Estimate
$ 20,000,000	$ 1/	$ 5,806,000

1/ 7,500 new fellowships plus continuations.

Purpose: To prepare persons for academic careers in educational programs beyond the high school level. Recipients must be pursuing, or intending to pursue, a course of study leading to a degree, of doctor of philosophy, doctor of arts, or an equivalent degree, but shall not be for study at a school or department of divinity. This program, authorized by Part B of title IX of the Higher Education Act, as amended, is a continuation and modification of the program previously authorized by title IV of the National Defense Education Act.

Explanation: A panel of university faculty members, working as Office of Education consultants, review and recommend specific doctoral programs at applying institutions to the Commissioner for final approval of a fellowship award.

Accomplishments in 1973: A fiscal year 1973 appropriation of $20,000,000 will support (during 1973-74) 2,100 third year awards plus the cost of 880 veterans resuming their fellowships after their military service. No new fellowships will be awarded.

Objectives for 1974: The requested $5,806,000 is only to permit veterans to resume fellowships after their military service. This program was initiated to remedy a shortage of college teachers with PhD degrees. That purpose has been accomplished and, therefore, the program is being phased out. The Office has made no first year awards ("new starts") since academic year 1971-72 (1971 appropriation).

Activity: Allen J. Ellender Fellowships (P.L. 92-506)

	1974	
1973	Authorization	Budget Estimate
$ 500,000	$ 500,000	$ 500,000

Purpose: To increase understanding of the Federal government by secondary school students and their teachers.

Explanation: P.L. 92-506 authorizes the Commissioner of Education to make grants to the Close Up Foundation of Washington to achieve the purpose of the program.

Accomplishments in 1973: It is estimated that 1,500 participatns will benefit from the 1973 appropriation during the coming Spring, Summer and early Fall.

Objectives for 1974: The 1974 program is likely to be much like the one financed by the 1973 appropriation.

Activity: Fellowships for disadvantaged (Title IX, Part D, Higher Education Act, as amended)

	1974	
1973	Authorization	Budget Estimate
$ ---	$ 1,000,000	$ 750,000

Purpose: A program of fellowships for disadvantaged is authorized by Part D, Title IX of the Higher Education Act as amended.

Explanation: In 1972 the Office of Economic Opportunity funded stipends, the main cost of project CLEO (Council on Legal Educational Opportunity) while the Office of education paid for a summer institute. Since the project has passed through its experimental stage, it is appropriate that it be transferred to an operating agency.

Accomplishments in 1973: It is expected that 1973 Office of Economic Opportunity (OEO) funds will support the program during the 1973-74 academic year. OEO is expected to obligate $220,000 for administrative costs and $500,000 for support of the participants. The $500,000 is for 200 participants at $1,000 each for 3 years with a minus of $100,000 for expected attrition:

200 participants times $1,000 = $ 200,000
Multiplied by 3 years = 600,000
Minus $100,000 expected attrition = 500,000
Plus CLEO administrative expenses of $220,000 = 750,000

The $1,000 a year shown above helps finance the students once they are in law school. To help the students qualify for entry into law school, the Office of Education will pay about $200,000 for Summer institutes.

Plans for 1974: As mentioned above, legislation will be submitted to permit the Office of Education to fund the program as it has been funded by OEO. Under current legislation, the $750,000 requested would fund only 31 students, compared with 200 under OEO, and would provide nothing for CLEO administration.

Student Assistance
Supplemental Educational Opportunity Grants

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 221,488,694	---	---
Alabama	3,800,040	---	---
Alaska	147,197	---	---
Arizona	2,301,114	---	---
Arkansas	1,812,071	---	---
California	22,463,964	---	---
Colorado	2,929,902	---	---
Connecticut	2,923,231	---	---
Delaware	542,283	---	---
Florida	5,381,670	---	---
Georgia	3,966,716	---	---
Hawaii	648,149	---	---
Idaho	793,334	---	---
Illinois	11,005,411	---	---
Indiana	5,130,479	---	---
Iowa	3,636,927	---	---
Kansas	3,147,066	---	---
Kentucky	2,870,457	---	---
Louisiana	4,077,257	---	---
Maine	927,336	---	---
Maryland	3,144,952	---	---
Massachusetts	8,054,190	---	---
Michigan	9,953,264	---	---
Minnesota	5,045,527	---	---
Mississippi	2,811,150	---	---
Missouri	4,776,264	---	---
Montana	1,021,238	---	---
Nebraska	1,951,131	---	---
Nevada	234,630	---	---
New Hampshire	1,080,815	---	---
New Jersey	5,196,864	---	---
New Mexico	1,338,002	---	---
New York	20,205,908	---	---
North Carolina	5,449,675	---	---
North Dakota	1,151,014	---	---
Ohio	9,841,163	---	---
Oklahoma	3,310,965	---	---
Oregon	3,279,914	---	---
Pennsylvania	10,613,534	---	---
Rhode Island	1,233,993	---	---
South Carolina	2,191,659	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 1,276,219	---	---
Tennessee	4,233,838	---	---
Texas	10,970,632	---	---
Utah	1,930,560	---	---
Vermont	897,523	---	---
Virginia	3,685,789	---	---
Washington	3,922,389	---	---
West Virginia	1,833,047	---	---
Wisconsin	6,319,322	---	---
Wyoming	557,015	---	---
District of Columbia	1,646,557	---	---
American Samoa	2,386	---	---
Guam	17,500	---	---
Puerto Rico	1,745,074	---	---
Virgin Islands	10,044	---	---
Undistributed	2,050,343	---	---

Student Assistance
Work-Study

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 1/ Estimate
TOTAL	$ 424,476,179	$250,000,000	$250,000,000
Alabama	10,283,843	4,876,628	4,876,628
Alaska	442,327	302,947	302,947
Arizona	3,766,386	2,346,602	2,346,602
Arkansas	5,976,343	2,714,406	2,714,406
California	39,739,051	21,856,821	21,856,821
Colorado	5,192,794	2,789,208	2,789,208
Connecticut	4,641,904	2,782,185	2,782,185
Delaware	951,922	585,759	585,759
Florida	12,130,972	6,916,562	6,916,562
Georgia	9,851,964	5,480,793	5,480,793
Hawaii	1,597,470	884,579	884,579
Idaho	1,698,248	874,126	874,126
Illinois	18,523,204	10,436,773	10,436,773
Indiana	7,848,231	4,915,187	4,915,187
Iowa	6,827,892	3,097,076	3,097,076
Kansas	5,099,971	2,614,071	2,614,071
Kentucky	8,523,832	4,073,792	4,073,792
Louisiana	9,680,118	5,684,938	5,684,938
Maine	2,112,894	1,051,940	1,051,940
Maryland	5,827,711	3,801,188	3,801,188
Massachusetts	15,684,626	5,967,459	5,967,459
Michigan	16,396,125	5,841,110	5,841,110
Minnesota	8,476,094	4,179,578	4,179,578
Mississippi	8,675,722	4,128,105	4,128,105
Missouri	9,811,841	5,017,206	5,017,206

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 1/ Estimate
Montana	$ 4,009,948	$ 569,870	$ 569,870
Nebraska	3,372,151	1,688,044	1,688,044
Nevada	694,839	380,607	380 607
New Hampshire	1,666,192	734,640	734,640
New Jersey	9,424,298	5,884,063	5,884,063
New Mexico	3,086,172	1,687,412	1,687,412
New York	29,706,737	18,104,023	18,104,023
North Carolina	14,730,041	6,296,583	6,296,583
North Dakota	1,979,058	848,432	848,432
Ohio	17,340,402	10,411,728	10,411,728
Oklahoma	6,175,761	3,230,510	3,230,510
Oregon	6,648,739	2,519,281	2,519,281
Pennsylvania	19,430,290	11,344,673	11,344,673
Rhode Island	1,800,146	1,050,769	1,050,769
South Carolina	6,320,999	3,615,192	3,615,192
South Dakota	2,166,447	957,827	957,827
Tennessee	10,616,725	5,003,523	5,003,523
Texas	24,908,988	13,313,208	13,313,208
Utah	3,087,246	1,608,861	1,608,861
Vermont	1,096,807	544,168	544,168
Virginia	8,515,158	4,937,845	4,937,845
Washington	6,580,039	3,814,561	3,814,561
West Virginia	5,099,061	2,369,137	2,369,137
Wisconsin	9,198,219	4,834,893	4,834,893
Wyoming	1,038,470	401,260	401,260
District of Columbia	2,975,782	1,129,851	1,129,851
American Samoa	---	5,000,000	5,000,000
Guam	309,001		
Puerto Rico	2,028,259		
Virgin Islands	48,000		
Canal Zone			
Undistributed	660,719	24,500,000	24,500,000

1/ Estimated distribution of $250,000,000 with 2% (5,000,000) reserved for the areas and 90% ($220,500,000) of the balance distributed 1/3 on the basis of the total full-time degree-credit and nondegree-credit enrollment in institutions of higher education, Fall 1971; 1/3 on the total estimated high-school graduates, 1970-71; 1/3 on related children under 18 in families with incomes under $3,000 p.a. (1969). The balance will be distributed in accordance with the Higher Education Act, Title IV, Part C, Sec. 442(c).

Direct Student Loans (HEA IV, Part E)

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 Estimate
TOTAL	$ 286,000,000	$286,000,000	---
Alabama	4,528,112	4,441,442	---
Alaska	136,350	156,846	---
Arizona	3,164,480	3,045,054	---
Arkansas	2,175,990	2,461,325	---
California	31,503,875	31,544,066	---
Colorado	4,320,024	4,287,303	---
Connecticut	3,964,069	3,864,032	---
Delaware	686,315	705,510	---
Florida	7,589,045	7,940,427	---
Georgia	5,145,229	4,961,738	---
Hawaii	697,387	952,330	---
Idaho	857,169	1,090,373	---
Illinois	14,917,347	14,465,991	---
Indiana	7,839,243	7,642,967	---
Iowa	5,307,992	5,172,086	---
Kansas	4,296,946	4,177,715	---
Kentucky	4,306,334	4,132,627	---
Louisiana	4,386,689	4,870,583	---
Maine	1,229,092	1,238,952	---
Maryland	4,436,680	4,513,899	---
Massachusetts	10,991,441	10,948,436	---
Michigan	13,306,913	12,905,554	---
Minnesota	6,630,376	6,545,192	---
Mississippi	3,442,817	3,340,457	---
Missouri	6,815,612	6,738,905	---
Montana	1,289,535	1,239,701	---
Nebraska	2,368,871	2,723,367	---
Nevada	367,920	447,196	---
New Hampshire	1,284,450	1,297,166	---
New Jersey	5,267,143	5,457,257	---
New Mexico	1,642,712	1,588,409	---
New York	24,843,031	24,091,112	---
North Carolina	7,107,640	6,884,175	---
North Dakota	1,400,937	1,382,879	---
Ohio	14,174,229	13,831,350	---
Oklahoma	4,681,363	4,508,978	---
Oregon	4,124,604	4,042,821	---
Pennsylvania	13,369,586	14,403,982	---
Rhode Island	1,570,043	1,585,811	---
South Carolina	2,730,056	2,652,635	---
South Dakota	1,377,252	1,371,891	---
Tennessee	5,571,993	5,387,479	---
Texas	10,208,085	11,777,071	---
Utah	1,817,266	2,192,856	---
Vermont	942,471	942,925	---

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 Estimate
Virginia	$ 4,717,908	$ 4,967,186	---
Washington	6,077,645	5,887,086	---
West Virginia	2,550,343	2,714,308	---
Wisconsin	7,635,233	7,527,278	---
Wyoming	605,063	580,846	---
District of Columbia	2,266,913	2,244,096	---
American Samoa	---	---	---
Guam	---	4,500	---
Puerto Rico	1,889,886	2,102,716	---
Virgin Islands	10,276	19,113	---
Undistributed	1,432,019	---	---

1/ The $23.6 million balance will be distributed in accordance with the provision of Section 462(a)(1) of the Higher Education Act.

Construction Grants - Public Community Colleges and Technical Institutes

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 11,438,586	---	---
Alabama	222,008	---	---
Alaska	50,000	---	---
Arizona	98,796	---	---
Arkansas	---	---	---
California	820,975	---	---
Colorado	117,384	---	---
Connecticut	563,208	---	---
Delaware	50,000	---	---
Florida	266,900	---	---
Georgia	238,889	---	---
Hawaii	50,000	---	---
Idaho	50,000	---	---
Illinois	403,619	---	---
Indiana	251,528	---	---
Iowa	173,348	---	---
Kansas	133,295	---	---
Kentucky	193,261	---	---
Louisiana	221,925	---	---
Maine	69,980	---	---
Maryland	155,307	---	---
Massachusetts	246,467	---	---
Michigan	415,948	---	---
Minnesota	228,533	---	---
Mississippi	146,029	---	---
Missouri	230,981	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
Montana	$ 50,000	---	---
Nebraska	155,272	---	---
Nevada	50,000	---	---
New Hampshire	---	---	---
New Jersey	283,598	---	---
New Mexico	---	---	---
New York	644,024	---	---
North Carolina	289,495	---	---
North Dakota	50,587	---	---
Ohio	580,661	---	---
Oklahoma	139,085	---	---
Oregon	119,013	---	---
Pennsylvania	625,507	---	---
Rhode Island	50,000	---	---
South Carolina	164,261	---	---
South Dakota			
Tennessee	224,602	---	---
Texas	515,517	---	---
Utah	75,408	---	---
Vermont	42,865	---	---
Virginia	219,706	---	---
Washington	169,582	---	---
West Virginia	257,239	---	---
Wisconsin	257,591	---	---
Wyoming	50,000	---	---
District of Columbia	50,000	---	---
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	150,861	---	---
Virgin Islands	---	---	---
Undistributed	825,331	---	---

Construction Grants - Other Undergraduate Facilities

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 32,298,889	---	---
Alabama	502,275	---	---
Alaska	50,000	---	---
Arizona	322,297	---	---
Arkansas	401,286	---	---
California	3,626,821	---	---
Colorado	413,023	---	---
Connecticut	449,920	---	---
Delaware	86,226	---	---
Florida	903,782	---	---
Georgia	604,955	---	---
Hawaii	127,557	---	---
Idaho	130,907	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
Illinois	$ 1,679,643	---	---
Indiana	825,331	---	---
Iowa	508,237	---	---
Kansas	405,630	---	---
Kentucky	468,112	---	---
Louisiana	554,539	---	---
Maine	149,912	---	---
Maryland	564,861	---	---
Massachusetts	1,029,593	---	---
Michigan	1,454,013	---	---
Minnesota	695,560	---	---
Mississippi	352,399	---	---
Missouri	730,868	---	---
Montana	128,719	---	---
Nebraska	385,076	---	---
Nevada	61,455	---	---
New Hampshire	175,134	---	---
New Jersey	847,431	---	---
New Mexico	262,025	---	---
New York	2,741,170	---	---
North Carolina	753,294	---	---
North Dakota	127,191	---	---
Ohio	1,639,802	---	---
Oklahoma	449,300	---	---
Oregon	396,712	---	---
Pennsylvania	1,755,577	---	---
Rhode Island	157,424	---	---
South Carolina	339,132	---	---
South Dakota	182,803	---	---
Tennessee	578,383	---	---
Texas	1,744,074	---	---
Utah	263,205	---	---
Vermont	91,636	---	---
Virginia	722,086	---	---
Washington	615,133	---	---
West Virginia	150,000	---	---
Wisconsin	789,361	---	---
Wyoming	61,431	---	---
District of Columbia	179,496	---	---
American Samoa	---	---	---
Guam	100,000	---	---
Puerto Rico	285,847	---	---
Virgin Islands	100,000	---	---
Adjustments	- 821,755	---	---

Construction - State Administration

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 2,790,092	$3,000,000	---
Alabama	52,000	60,000	---
Alaska	6,000	28,000	---
Arizona	42,000	40,000	---
Arkansas	41,000	40,000	---
California	107,500	100,000	---
Colorado	48,000	47,000	---
Connecticut	48,000	49,000	---
Delaware	25,000	32,000	---
Florida	67,000	62,000	---
Georgia	60,000	58,000	---
Hawaii	3,875	32,000	---
Idaho	34,000	33,000	---
Illinois	106,000	98,000	---
Indiana	66,000	64,000	---
Iowa	56,000	62,000	---
Kansas	54,000	56,000	---
Kentucky	29,000	51,000	---
Louisiana	48,000	53,000	---
Maine	25,790	37,000	---
Maryland	53,000	51,000	---
Massachusetts	62,390	93,000	---
Michigan	94,000	87,000	---
Minnesota	61,000	64,000	---
Mississippi	48,000	47,000	---
Missouri	64,000	65,000	---
Montana	35,000	33,000	---
Nebraska	42,000	42,000	---
Nevada	30,000	29,000	---
New Hampshire	36,000	36,000	---
New Jersey	59,000	54,000	---
New Mexico	36,000	37,000	---
New York	125,000	100,000	---
North Carolina	73,000	85,000	---
North Dakota	35,000	35,000	---
Ohio	94,000	87,000	---
Oklahoma	49,000	52,000	---
Oregon	50,000	50,000	---
Pennsylvania	109,000	100,000	---
Rhode Island	35,940	35,000	---
South Carolina	46,998	53,000	---
South Dakota	36,000	34,000	---
Tennessee	58,000	62,000	---
Texas	108,000	100,000	---
Utah	36,557	38,000	---
Vermont	34,000	38,000	---
Virginia	60,000	61,000	---
Washington	57,000	57,000	---
West Virginia	40,000	42,000	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
Wisconsin	69,000	83,000	---
Wyoming	31,000	30,000	---
District of Columbia	41,000	39,000	---
American Samoa	---	6,000	---
Guam	25,000	6,000	---
Puerto Rico	34,000	34,000	---
Virgin Islands	25,000	6,000	---
Adjustment	- 21,958	---	---
Reserve	---	121,000	---

Construction - Comprehensive Planning

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 3,143,716	---	---
Alabama	58,363	---	---
Alaska	41,006	---	---
Arizona	52,231	---	---
Arkansas	46,576	---	---
California	170,119	---	---
Colorado	55,616	---	---
Connecticut	68,527	---	---
Delaware	38,832	---	---
Florida	67,720	---	---
Georgia	72,478	---	---
Hawaii	---	---	---
Idaho	27,606	---	---
Illinois	98,405	---	---
Indiana	65,910	---	---
Iowa	49,602	---	---
Kansas	58,906	---	---
Kentucky	---	---	---
Louisiana	51,114	---	---
Maine	48,796	---	---
Maryland	59,656	---	---
Massachusetts	103,303	---	---
Michigan	101,203	---	---
Minnesota	42,776	---	---
Mississippi	35,499	---	---
Missouri	66,108	---	---
Montana	47,682	---	---
Nebraska	32,440	---	---
Nevada	25,586	---	---
New Hampshire	45,264	---	---
New Jersey	85,830	---	---
New Mexico	47,894	---	---
New York	145,597	---	---
North Carolina	78,317	---	---
North Dakota	41,412	---	---
Ohio	103,215	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
Oklahoma	$ 60,548	---	---
Oregon	50,793	---	---
Pennsylvania	116,131	---	---
Rhode Island	28,622	---	---
South Carolina	55,967	---	---
South Dakota	28,475	---	---
Tennessee	69,136	---	---
Texas	111,991	---	---
Utah	47,127	---	---
Vermont	24,687	---	---
Virginia	63,626	---	---
Washington	60,994	---	---
West Virginia	31,732	---	---
Wisconsin	61,562	---	---
Wyoming	42,421	---	---
District of Columbia	47,201	---	---
American Samoa	20,000	---	---
Guam	20,314	---	---
Puerto Rico	44,735	---	---
Virgin Islands	24,065	---	---

University Community Services

State or Outlying Area	1972 Actual	1973 1/ Estimate	1974 Estimate
TOTAL	$ 9,373,445	5,600,000	---
Alabama	170,195	106,685	---
Alaska	106,159	100,587	---
Arizona	136,125	103,440	---
Arkansas	139,199	103,733	---
California	506,664	138,730	---
Colorado	144,986	104,284	---
Connecticut	161,799	105,886	---
Delaware	111,171	101,064	---
Florida	238,375	113,179	---
Georgia	193,540	108,909	---
Hawaii	115,692	101,494	---
Idaho	114,532	101,384	---
Illinois	326,513	121,573	---
Indiana	205,852	110,081	---
Iowa	157,577	105,484	---
Kansas	145,838	104,366	---
Kentucky	165,613	106,249	---
Louisiana	174,252	107,072	---
Maine	120,252	101,929	---
Maryland	179,942	107,614	---
Massachusetts	215,951	111,043	---
Michigan	280,883	117,227	---

State or Outlying Area	1972 Actual	1973 Estimate 1/	1974 Estimate
Minnesota	177,551	107,386	---
Mississippi	145,183	104,303	---
Missouri	195,330	109,079	---
Montana	114,153	101,348	---
Nebraska	130,241	102,880	---
Nevada	109,961	100,949	---
New Hampshire	115,035	101,432	---
New Jersey	246,094	113,914	---
New Mexico	120,707	101,972	---
New York	470,744	135,309	---
North Carolina	203,577	109,864	---
North Dakota	112,591	101,199	---
Ohio	317,098	120,676	---
Oklahoma	152,160	104,968	---
Oregon	142,624	104,059	---
Pennsylvania	340,371	122,892	---
Rhode Island	119,356	101,843	---
South Carolina	152,797	105,028	---
South Dakota	113,579	101,293	---
Tennessee	179,978	107,617	---
Texas	328,200	121,733	---
Utah	121,589	102,056	---
Vermont	109,064	100,863	---
Virginia	194,741	109,023	---
Washington	169,482	106,617	---
West Virginia	135,549	103,386	---
Wisconsin	190,042	108,575	---
Wyoming	106,775	100,645	---
District of Columbia	115,418	101,468	---
Guam	26,772	25,169	---
Puerto Rico	80,274	30,264	---
Virgin Islands	26,288	25,123	---
American Samoa	---	25,054	---
Adjustment	- 989	---	---

1/ Estimated distribution of $5,700,000 with $100,000 reserved for the National Advisory Council and the remainder distributed with a basic amount of $100,000 to the 50 States and D.C., and $25,000 to American Samoa, Guam, Puerto Rico, and the Virgin Islands, and the balance distributed on the basis of the total resident population, 4/1/70.

Land-Grant Colleges and Universities

State or Outlying Area	1972 Actual 1/	1973 Estimate 2/	1974 Estimate 2/
TOTAL	$ 12,600,000	$2,700,000	$2,700,000
Alabama	236,801	50,000	50,000
Alaska	203,229	50,000	50,000
Arizona	218,939	50,000	50,000
Arkansas	220,550	50,000	50,000
California	413,199	50,000	50,000
Colorado	223,584	50,000	50,000
Connecticut	232,399	50,000	50,000
Delaware	205,856	50,000	50,000
Florida	272,545	50,000	50,000
Georgia	249,039	50,000	50,000

State or Outlying Area	1972 1/ Actual	1973 2/ Estimate	1974 2/ Estimate
Hawaii	208,226	50,000	50,000
Idaho	207,618	50,000	50,000
Illinois	318,752	50,000	50,000
Indiana	255,494	50,000	50,000
Iowa	230,185	50,000	50,000
Kansas	224,031	50,000	50,000
Kentucky	234,398	50,000	50,000
Louisiana	238,927	50,000	50,000
Maine	210,617	50,000	50,000
Maryland	241,911	50,000	50,000
Massachusetts	260,789	50,000	50,000
Michigan	294,830	50,000	50,000
Minnesota	240,657	50,000	50,000
Mississippi	223,688	50,000	50,000
Missouri	249,978	50,000	50,000
Montana	207,420	50,000	50,000
Nebraska	215,854	50,000	50,000
Nevada	205,222	50,000	50,000
New Hampshire	207,882	50,000	50,000
New Jersey	276,592	50,000	50,000
New Mexico	210,856	50,000	50,000
New York	394,368	50,000	50,000
North Carolina	254,302	50,000	50,000
North Dakota	206,601	50,000	50,000
Ohio	313,816	50,000	50,000
Oklahoma	227,346	50,000	50,000
Oregon	222,346	50,000	50,000
Pennsylvania	326,018	50,000	50,000
Rhode Island	210,148	50,000	50,000
South Carolina	227,680	50,000	50,000
South Dakota	207,119	50,000	50,000
Tennessee	241,930	50,000	50,000
Texas	319,637	50,000	50,000
Utah	211,318	50,000	50,000
Vermont	204,752	50,000	50,000
Virginia	249,669	50,000	50,000
Washington	236,427	50,000	50,000
West Virginia	218,637	50,000	50,000
Wisconsin	247,205	50,000	50,000
Wyoming	203,552	50,000	50,000
District of Columbia	208,083	50,000	50,000
Guam	---	50,000	50,000
Puerto Rico	228,978	50,000	50,000
Virgin Islands	---	50,000	50,000

1/ Includes permanent appropriation, $2,600,000 under Second Morrill Act.

2/ Permanent appropriation only, providing $50,000 each per State, the District of Columbia, Guam, Puerto Rico and the Virgin Islands.

SUBCOMMITTEE RECESS

Senator COTTON. We will recess the hearings for today and resume at 10 a.m. in room S-126 over in the Capitol.

[Whereupon, at 4:50 p.m., Monday, May 21, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, May 22.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

TUESDAY, MAY 22, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:10 a.m., in room S-126, the Capitol, Hon. Norris Cotton, presiding.

Present: Senators Cotton and Stevens.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

STUDENT LOAN INSURANCE FUND

STATEMENT OF PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

ACCOMPANIED BY:

- DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE
- S. W. HERRELL, ACTING ASSOCIATE COMMISSIONER, BUREAU OF HIGHER EDUCATION
- WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION
- JOE G. KEEN, BUDGET OFFICER
- JESS BERRY, BUDGET ANALYST
- OSCAR P. SHIELDS, BUDGET ANALYST
- CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator COTTON. The subcommittee will come to order. Yesterday we heard the fiscal 1974 budget requests for higher education. Today we will hear testimony on its sister account, the student loan insurance account.

The fund guarantees to pay off students' loans that are in default.

Peter Muirhead is here to present the 1974 budget request of $57,883,000. We would be happy to hear you, Mr. Muirhead, and happy to have you introduce your associates to us and then proceed with your testimony.

INTRODUCTION OF ASSOCIATES

Mr. MUIRHEAD. Thank you, Senator Cotton. I am pleased to appear before you this morning, and I am accompanied by Dr. Herrell on my right who is the Associate Commissioner in the Bureau of Higher Education. On his immediate right is Mr. Barefoot, who is the Executive Officer of the Office of Deputy Commissioner for Higher Education and on Mr. Barefoot's right, Mr. Simmons, who is the Director of the guaranteed loan program.

I would be pleased to read a short statement, Mr. Chairman, if you so desire.

Senator COTTON. Proceed any way you want to present it, if you prefer to read your statement, read it, or if you would prefer to summarize it and the full statement will be put into the record.

Mr. MUIRHEAD. Thank you.

Mr. Chairman and members of the committee, I am pleased at this opportunity to appear before you to request an appropriation of $57.9 million for the student loan insurance fund, an increase of $11.2 million over our fiscal year 1973 request.

The fund was established by the Higher Education Act of 1965 to enable the Commissioner of Education to make payments on defaults by student borrowers under the federally insured student loan program. The liability of the fund was substantially increased by the Higher Education Amendments of 1968 which authorized the Commissioner to reinsure loans guaranteed by State and nonprofit private agencies at 80 percent of the default. The liability was further increased by the Higher Education Amendments of 1972 which provide that all federally insured loans made under the new legislation must be insured for the interest due as well as the unpaid principal balance.

COLLECTIONS ON DEFAULT LOANS

We are making a strenuous effort to reduce defaults and increase collections from borrowers who have defaulted. The 52 new positions provided by the 1972 appropriation for claims and collections have been filled and additional positions have been requested in both the 1973 and 1974 salaries and expenses appropriation. We are expecting that one of the immediate results of our increased effort will be an increase in collections on defaulted loans. We are estimating that collections in 1974 will equal $9.3 million, an increase of $5 million above the estimated 1973 amount of $4.3 million.

We are also putting strong emphasis on providing preclaim assistance to lenders and State and private nonprofit guarantee agencies in an attempt to reduce the number of defaults and improve the collection efforts of lenders on delinquent loans before they go into default. We are determined to maintain the integrity of the insured loan program, both to protect the interest of the Federal Government and the interest of the overwhelming majority of student borrowers who take their obligation seriously and conscientiously repay their loans.

I shall be pleased to answer any questions the committee may wish to ask.

Senator COTTON. I have always felt that the default would be less, if the students are better informed of the consequences in terms of their credit rating. Do you at present give applicants a good explanation of what commitments they are letting themselves into?

Mr. Muirhead. We quite agree with you that insofar as we can counsel the students, particularly at the time when they have completed their instruction and we have an interview with them, it is imperative that they understand that their whole lifestyle can be adversely affected by their failure to pay this loan.

We hope, Mr. Chairman, that we will be able to do a better job than we have done, because we are better staffed now and we are proposing to staff the program with people that will counsel with the students. We are proposing to counsel with the lenders so that perhaps they will pay a little more attention to the point that you have just made when the student goes into a repayment status.

Senator Cotton. Are you talking about direct loans now?

Mr. Muirhead. The guaranteed loans, Mr. Chairman, but in very large measure the same counsel and the same procedure should be followed in the direct loan.

CREDIT RATING

Senator Cotton. There shouldn't be, but I am afraid there is a distinction on the effect on a person's credit rating, whether he has a regular bank, of having defaulted the payment and obligation or whether he has a record of having defaulted on payment to the Government. The Government has been so prodigal—I shouldn't say prodigal but extensive in so many ways in helping its citizens. It is getting to be regarded in a sense, I'm not now making a political speech, but it is being regarded in a sense as kind of a Christmas tree and fair game.

While it shouldn't be so, I think the impact on the future credit rating of an individual student would be much stronger and more effective if he had a history at the bank of it not being good than simply the fact that he had not repaid the Government.

Do you find that true, or what comment do you have on that observation?

Mr. Muirhead. I would say, Mr. Chairman, that the student puts himself in just as much peril by having a poor repayment record with the Government or with the college or with the bank, and the kind of lifestyle that our young people can be expected to go through, it would be reasonable to expect that a credit rating of an unsatisfactory nature will surface whether or not it is with the bank or with his college or with the Government.

Senator Cotton. Last January you established an in-house task force to study the student loan insurance program. It was supposed to come up with some recommendations on improving the situation. I assume they have, because I note in your statement you indicate that you hope for or expect or anticipate a much higher collection, jumping from $4 million to an added $5 million.

Mr. Muirhead. Yes.

Senator Cotton. I also note that you give a hint as to how you intend to do it; that is by some additional staff. What was the recommendation of your in-house task force? Was it just that you put more people on the job?

Mr. Muirhead. Mr. Chairman, I would like to call upon Dr. Herrell, who is the Associate Commissioner in the Bureau of Higher Education, to respond to that.

Dr. Herrell. Mr. Chairman, we not only need additional people to handle the program of the magnitude of $6 billion; but it is also necessary for us to go into other aspects. One, to set up a computer system that would give us better data in reference to the lending capacity of the banks, and also to follow the students. There is also a greater display of interest on the part of the banks in reference to when the student left school, so our greater emphasis was placed in the schools notifying us when they left in order that we would be able to find them.

We have also worked arrangements with the Internal Revenue Service to have additional information from them. We have also had the lender review the letter forwarding and the collection features emphasized, so I think all in all, Mr. Chairman, utilizing the various aspects of the recommendations of the task force to build up a stronger staff to have a better relationship with the colleges and universities for notifications, greater notice in reference to the banks being notified, as to the student's status, of better collection procedures and the lender review.

I believe with all these emphases we have a program that is going to be straightforward and more businesslike.

ADDITIONAL POSITIONS 1973 AND 1974

Senator COTTON. How many additional positions are you asking for——

Dr. HERRELL. We have 25 additional positions that are being placed in fiscal year 1973 and those have been allocated and will be filled.

Senator COTTON. You already have them?

Dr. HERRELL. Yes. We are asking for an additional seven for this fiscal year.

Senator COTTON. That makes a total of how many positions that you have working on the matter of collecting loans?

Dr. HERRELL. On collections we have 41 people in the field and 11 in Washington.

Senator COTTON. You have a computer process?

Dr. HERRELL. Yes, we have a computer process.

Senator COTTON. Your own computer?

Dr. HERRELL. We utilize the Department's computer.

Mr. MUIRHEAD. Mr. Chairman, I should like just to record with you that this whole question of default is of the highest level of concern to us in the Department and the Secretary has put on his high priority list of concerns, and Mr. Miller, I think, would like to report on some action the Secretary has taken.

Mr. MILLER. The Secretary asked the Comptroller's Office, Mr. Chairman, to take a special look at those institutions which appear to have an unusually high default rate, so the audit agency is just completing a study of those institutions that have a rate of 10 percent or higher with a view to seeing whether special steps can be taken, either persuasive or even in terms of regulations, to cause those institutions themselves to police it with more vigor.

Senator COTTON. When a student is graduated and becomes a wage earner or worker, at that time he has interest obligations that he doesn't have when he is in school.

Mr. MUIRHEAD. That is right.

DEFERRED INTEREST OBLIGATION

Senator COTTON. If he graduates, if he has loans during his college course and after he gets through college he enters a professional school of some type, that interest obligation is deferred until his education is completed and he is in a position to start earning, is that correct?

Mr. MUIRHEAD. That is correct for certain classes of students, depending on the family income. The guaranteed loan program, as you know, Mr. Chairman, does provide two benefits. One is a Federal guarantee for the amount of the loan and the other is a subsidy of the interest while the student is in school. The subsidy is available only to those students who are deemed to be in financial need, but the student who is found to be not in financial need can borrow money under the Federal guaranteed loan program and receive the Federal guarantee. In some instances, such a student who is liable for the interest will pay the interest while he is in school; in other instances, the lender will allow the interest to accumulate and he will start to repay it when he completes school.

Senator COTTON. A student who finds it necessary to borrow money to get through college is not likely to become affluent when he starts medical school or law school or something else, so really, as a matter of fact, you defer it as long as he is actually in school.

Mr. MUIRHEAD. Absolutely.

Senator COTTON. You have to check up to see whether he is in school.

Mr. MUIRHEAD. By all means. I was merely making the distinction.

Senator COTTON. You require some form of report from him. Then, if he doesn't report, you follow it up and this is what you are using these people for?

Mr. MUIRHEAD. That is right. We inform the lender, of course, when he ceases to be a student and then he goes into a repayment status.

Senator COTTON. To what extent are the banks at fault for what has been happening with regard to defaults? Do you suppose they do not take much time to review applicants since they know the Federal Government will foot the bill if any problems arise?

Mr. MUIRHEAD. First of all, I think we perhaps have been at fault in not working as closely with the lenders as we should have in counseling with them in terms of an exit interview with the student when he is going into repayment status. I think also what you have been kind enough to sanction, that is, to provide us with additional staff to work with the lenders will improve that situation. The banks, I think, follow both the letter and the spirit of the law and see to it that the student makes his payment on time. However, the law does provide, if he is in default for 120 days, then the bank can turn to the Federal Government and say, this loan is in default. We want to take advantage of the Federal guarantee. And then we pursue it.

LOAN OBLIGATION

Senator COTTON. I understand that, but your answers—pardon me, I'm not criticizing, but your answer is not quite responsive to my question. What I am trying to find out is do the banks themselves first impress the borrower with the fact that it is a loan and whether or not he lives up to his obligation is going to affect his future credit standing,, and nothing affects a person't credit standing so quickly as to how he stands with the bank; and second, whether they do follow up at all or whether they just notify and say, well, the Government's going to pick up this check and just automatically when the payment's not made, they pass it over to you. That's what I'm trying to get at.

Do the banks assume any—do they participate in any way in impressing on the student that this is a loan and must be repaid, and second, doing something more than simply passing the buck to you when they don't pay?

Mr. MUIRHEAD. The banks certainly do carry out their obligation. The law requires them to exercise due diligence in the collection of that loan, and the banks do pursue that. But the law also permits them at the end of a default period of 120 days to seek the repayment of both the principal and the interest of the loan.

I think perhaps the direct way to answer your question, Mr. Chairman, is first to point to the record. This is a program now that has reached a level of $6 billion, and the amount in default is about $43 million as of 1973. That represents about 4.3 percent. That is not the percentage that we would like to see, but it seems to me that the banks must be doing rather a good job in that in a loan program of that volume that we have a 4.3 percent default.

Senator COTTON. Not necessarily. You may be the ones that are doing a good job.

Just to get down to brass tacks, what I'm trying to get at is this: I know there are banks and there are banks. Some bankers are quite conscientious and interested and I think this is particularly true in smaller town institutions. But whether a bank just goes through the motions perfunctorily and passes the buck on to you or whether, in general, the bank assumes some of the responsibility.

I admit that while you hope to better it that you have a good record, and that somebody is doing this job. The question is, do the banks take it seriously and they do give you some active cooperation, in, I would say two steps. First, seeing to it that when that student comes to the bank and actually gets some money handed to him, being a young person on the threshold of life, a responsible banker would do a lot of good if he gave him a little talk on what an important part in his future life and in the life of his family a good credit rating would be. Second, do they simply notify them and they notify you if they are in default? That's what I'm getting at.

You are moving around a little bit on it. This isn't any great delicate point, but I just want to get that out.

Mr. MUIRHEAD. Our direct answer to your question is that the banks are taking the program seriously and in very large measure they are doing a good job. We hope to improve it.

SCREENING PROCEDURE FOR LOANS

Senator COTTON. What kind of screening do you have for people who apply for loans?

Mr. MUIRHEAD. The educational amendments of 1972 introduced a very important new screening procedure that is, when a student makes application for a loan at the bank now, he must bring with him from the college in which he is enrolled a statement as to what his financial need is, what other resources he has, what his family income is, and whether or not this loan is needed to pay for his education. That is probably the most important screening step that we have, because that, it seems to me, prevents a young person seeking a loan for a purpose other than paying for his education.

Senator COTTON. The information that you have about what his father makes comes from the institution that has asked the boy? You don't yourself verify on what actually the family resources are or what his father's income is?

Mr. MUIRHEAD. What we do as we do in student financial aid programs that carry a Federal subsidy, we require documentation as to what the strength of the family income is. What we are doing now under the guaranteed loan program is putting the young person through much the same procedure that young people go who receive basic opportunity grants or supplementary grants or direct loans from the college. They consult with the student financial aid officer; he has the information there as to what the family income is, what other resources the student has, what help the institution is giving him, and then he makes the judgment as to how much is needed to close the gap.

Then, the young person takes that to the bank. By and large the bank follows the recommendation.

Senator COTTON. Who makes the decision?

STUDENT FINANCIAL AID OFFICER

Mr. MUIRHEAD. The student financial aid officer at the college where the young person is seeking to——

Senator COTTON. In other words, if I am a student in college or have qualified to become one and enter in September, I fill out all these necessary forms about my father's income, what the family resources are, and it is filed with the institution.

Who is the person again?

Mr. MUIRHEAD. The student financial aid officer.

Senator COTTON. The financial aid officer.

Does he verify that?

Mr. MUIRHEAD. Yes. He verifies it in the same way that they verify all other information having to do with student financial aid. The student, in signing the form——

Senator COTTON. He verifies it by having inquiries made?

Mr. MUIRHEAD. They can, and as in all information of that kind, when the parents fill out the form, there is a statement on there that says this is indeed a true statement.

Senator COTTON. Now, is it the boy who is saying what the father's income is?

Mr. MUIRHEAD. The information provided is usually that that is provided on the parents' income tax return, and the parents are asked to attest to the fact that that is a true record.

Senator COTTON. Who examines the tax return?

Mr. MUIRHEAD. I would expect that if an audit were to be conducted, a sampling of those would be made, and they would determine whether or not that the information was indeed accurate, by the student financial aid officer.

Senator COTTON. He couldn't go—under law—he could not go and examine tax returns.

Mr. MUIRHEAD. No.

Senator COTTON. I suppose he could, if he had written authorization to do so by the taxpayer, the father.

Mr. MUIRHEAD. That is right.

Senator COTTON. Does he require that?

Mr. MUIRHEAD. The forms says in effect when the parent fills it out that this is the information. Then he attests at the bottom of the form that this is indeed a true record of my income as recorded in the income tax.

Senator COTTON. You mean the father.

Mr. MUIRHEAD. The father does, right.

I have before me a copy of the form, Mr. Chairman, and it says that the parent is expected to record the income as shown on the appropriate line on the income tax form. Then he reports at the bottom that I sign this knowing that if I made a false statement or misrepresentation I would be subject to a fine.

Senator COTTON. In other words, the parent reports what he reported as an income.

Mr. MUIRHEAD. That is right.

Senator COTTON. It is a pretty drawn out process, and very difficult if anybody verifies anything from income tax returns, because I do not think Senators and Congressmen can get at them, except in very few cases.

Well, that is all right.

Then the agent of the college, you call him——

Mr. MUIRHEAD. The student financial aid officer.

Senator COTTON. The student financial aid officer.

He determines what is necessary to fill the gap between what the student has or what his parents can furnish him and what he has got to have to get by.

Mr. MUIRHEAD. Right.

Senator COTTON. Within what limits?

Mr. MUIRHEAD. Within the limits of the cost of the education at that institution.

Senator COTTON. Can he borrow it all, even if it is a considerable gap?

Mr. MUIRHEAD. Yes. if it is a considerable gap, he can borrow up to a maximum of $2,500.

Senator COTTON. I see.

The Senate report on the second supplemental talks about more innovative efforts to reduce defaults.

STUDENTS COLLECTING DEFAULT LOANS

What do you think of the idea of using work-study participants to collect on the loans?

The only thing that puzzles me about that question is that I cannot conceive of your having work-study students, running around and collecting loans from other students and their families. It seems a little impractical to me, but I am not trying to answer the question for you.

What are these innovative methods that you have come up with in response to the language in the committee report which says:

> While providing the amount requested, the Committee wishes to express concern over what appears to be a growing problem. The Committee recognizes the need for improved, perhaps innovative methods to reduce the number of student loans default. For example, the Committee would encourage innovative measures such as the hiring of college work/study participants by non-profit corporations engaged in reducing the volume of loan defaults.
>
> Following the completion of the current school year, the Committee will expect a report from the Commissioner outlining steps taken to reduce defaults.

Mr. **Muirhead.** We applaud the idea of having college work-students involved in public service work and indeed they are involved in many aspects of it and they work for many government agencies. The suggestion that they could be involved in helping us with this problem of administering and carrying on the guaranteed loan program is a very good one.

I would like to respond to the point you made. I would not think that would be an appropriate thing to ask students to become collectors of defaulted loans, but there were many other activities connected with carrying on the guaranteed loan program, and connected with servicing the guaranteed loan program in such a way that it would reduce the defaults, where their talents could be used to good advantage.

STUDENT HIRING PROCEDURE PROBLEM

We have one little problem. It is a problem of procedure, and I will share it with you. We have encouraged college work-study students to work in public service agencies, including the Federal Government, except our own. We have felt it looked as though we would be a little bit self-serving if we were to employ the very same students to whom we are making grants under the college work-study program. As you know, the participating agency must provide 20 percent of the wages. We just felt as a policy matter up until this time that it would not appear to be quite proper, and possibly there might be some implication of a conflict of interest.

Senator **Cotton.** Speaking as one member of this committee I would agree with you 100 percent and think that was a very wise and sensible policy, and I would also think that you would run into all kinds of difficulties. Looking back, a long, long time ago, to my own student days, I think that if I went around to either a fellow student or even worse, to his family and said, now my classmate so and so owes money and is not paying on it. Why don't you pay it? I would get my nose punched.

I would think that your work-study students would not be effective in that anyway, but nevertheless, the committee not only did suggest that but did suggest other innovative ways of doing a better job of collecting. I guess you have already testified to some of them.

Do you want to add anything as to what way you have responded to that suggested by the committee?

Mr. **Muirhead.** We have, I think, responded this morning in a variety of new procedures that we are pursuing in order to attack this problem of defaults. I would like, before we leave this question of the college work-study, to say that we certainly are open to reexamining our policy, but I quite agree that the matter of having college work-study students involved in collecting loans would not seem to be an appropriate activity for them to pursue.

Senator Cotton. This is not critical, but most of what you have told us this morning on what you are doing to do this job is to put on extra help.

Have you devised any new expedients to be more effective in collecting?

That is an unreasonable question maybe.

Mr. Muirhead. No. You are quite right that the principal thrust we have made before you is to provide us with additional hands to get the job done, but in order to carry out almost any innovative procedure, you have to have hands to do it. We would expect the people that you are considering to provide us with to engage in a great many activities besides working with the banks. We would hope that we could develop a much better public relations, understanding of the program. We would hope that we could reach the students with more persuasive publications telling them what their obligation is, and how it will indeed hurt them in future life if they do not make their payments on time.

Senator Cotton. Senator Stevens.

USE OF BANKRUPTCY LAWS

Senator Stevens. What is the experience in the use of the bankruptcy laws by the students to wipe out their indebtedness under either of these programs?

Mr. Muirhead. Strange though it may seem, Senator, we have had altogether too many instances of students utilizing the bankruptcy laws to wipe out their obligations here.

Senator Stevens. Do you have the statistics on that?

Mr. Muirhead. Yes, I do. I would like to ask Mr. Simmons if he would share them with you.

Senator Stevens. I was told that there was an increasing suspicion that some lawyers in the federally funded attorneys' programs were advising students of a great way to get out of the liability that they had incurred under the guaranteed loan program: using of individual bankruptcies.

Have you had anything to support that?

Mr. Simmons. We have heard these rumors. We did have one case where we found one attorney that was telling people to get loans and that matter is in the hands of the Department of Justice. We have heard these, but I have not been able to pin any down as to provide any figures on bankruptcy. I think our bankruptcy experience is higher than we would like it to be. It is not out of line with the general percentage of bankruptcies across the country. I think we brought the figures out there by bankruptcy, death and disability and default——

Senator Stevens. Let me see if I understand this. You are saying that 87.7 percent of your guaranteed loans were paid in full, or did you mean paid up to date?

Mr. Simmons. Bankruptcy is 4.1 percent.

Senator **Stevens**. What is this all claims paid? These are claims against you under the Government?

Mr. **Simmons**. Under the federally insured program or the Federal loan program. These are total claims paid for bankruptcy, default, death or disability. The next three columns are broken down into death, bankruptcy, disability, using the percentage of claims paid by bankruptcy is 4.1 percent of the total claims paid.

Senator **Stevens**. This is in thousands of dollars. That means in the first column you have $124,151,000. That is under "total, all claims paid."

Mr. **Simmons**. Yes, sir.

Senator **Stevens**. What does that mean: You have paid out $124,151,000?

Mr. **Simmons**. You probably have to look down the next. Those are total claims paid, whether by State or private agencies or by the Federal Government. Under the guaranteed agency, if you look under Federal expenditures, and over on the left it says federally insured program, guaranteed agency reinsured program where we pay 80 percent of their losses. These are Federal expenditures that amount to about $90 million total.

Senator **Cotton**. Out of $124 million?

Mr. **Simmons**. Yes, sir, because we pay 80 percent of the State agencies' losses, and many of them do not participate in the reinsurance program.

Senator **Stevens**. We paid out $90 million last year.

Mr. **Simmons**. That is cumulative through March 30, 1973.

Senator **Stevens**. That was paid by somebody on student loans that were defaulted for some reason.

Mr. **Simmons**. That is what is paid by the Federal Government, accumulated since the program began for all guaranteed loans, guaranteed by State, Federal, or private agencies, and we broke that down by Federal and the guaranteed agency programs. About half of the country is under Federal. The other half is under State or private.

Senator **Stevens**. What I am trying to do is relate this.

Am I correct that, to date, the Federal Government has paid out $79,480,000 under these two programs?

Mr. **Simmons**. On account of default.

Senator **Stevens**. Yes.

Mr. **Simmons**. The next column gives you on bankruptcy and the next column death and disability, so the total paid for all categories of claims is $90,131,000.

Senator **Stevens**. That is out of the total program of $1 billion. Is that right?

Mr. **Simmons**. The total program that we have insured is approaching $6 billion. It is about $5.8 billion, because these are cumulative figures.

Senator **Stevens**. Do you have any charts or anything that shows the rate per year of these bankruptcies?

Mr. **Simmons**. We could provide those by year if you like.

INCREASE IN BANKRUPTCIES

Senator **Stevens**. I am trying to find out whether we can prove the rumors are correct or not, if we can show that the bankruptcies are increasing.

Mr. **Simmons**. The trend would show an increase. We could provide that for you on an annual basis if you would like.

Senator **Cotton**. I have not practiced law for nearly 28 years, so it has been a long time since I have practiced law, but my State—I do not know what the law is now, but in my State it was the common law, the old northeastern New England common law states, you could not go into bankruptcy unless the business had some assets as well as those liabilities that exceed the assets. If somebody did not have anything but owed money and wanted to be free from paying, we used to call it in the old days the poor debtor's oath. If that were true now, very likely it is not in other States, if the student has only been out of college 5 or 6 years and wanted to get out of paying his bills, he could not declare bankruptcy. He would have to take this other form.

I do not know if that is true now.

Mr. **Simmons**. There is title XIII in the Bankruptcy Act that permits them to work out repayment arrangements as they can. There has been a great concern about it. As you know, I am sure there is the Federal Bankruptcy Commission studying all the bankruptcy laws. We have been in communication with them. They are considering whether student loans should be subject to discharge under bankruptcy.

My feeling from our discussions with them over the past 12 months that it would appear at this point that they are going to recommend that the student loan not be subject to discharge by bankruptcy, or if it is, then perhaps you should not be permitted to be discharged for some 5 or 7 years following graduations.

We have had a few, percentagewise, it's very small, that would graduate and then within a month declare bankruptcy.

Senator **Stevens**. That is what I heard.

Senator **Cotton**. The point that Senator Stevens brought up is an extremely vital point about the use of these lawyers furnished by the Government to get people out of these bills. My experience with legal services is that in some areas they may have served some real needs, where tenants are being oppressed by landlords and there are hardships imposed upon people, but in the more sparsely populated rural States like up in my State, they hire a lot of young lawyers and pay them as much as they probably could make if they opened their own law office. They report every 6 months or every year or something, and most of the advice they gave out was telling people how they can get rid of their wives and break up their families and get rid of paying their debts. It does not seem to me in either case a very constructive program.

Pardon me, Senator. I just wanted to commend you for your question.

"MUKLUK TELEGRAPH"

Senator **Stevens**. I am really quite worried about this because some conversations I have had indicate it could become what we call a mukluk telegraph in Alaska. That's when word about something easy moves fast: Go to the university, get a loan, and then take a wage earner's bankruptcy before you get a job.

Senator **Cotton**. What do you call it?

Senator **Stevens**. Wage earner bankruptcy petition.

Senator **Cotton**. There was some other term.

Senator **Stevens**. Mukluk telegraph. I said that if the mukluk telegraph goes through a university that that's the easiest way to get your loan repaid, we're going to be in trouble.

"Mukluk telegraph" is an informal term that means information which passes through Alaska faster than a telephone line can convey it.

Senator **Cotton**. I must remember that.

Mr. **Simmons**. We have not been able to pin it down. We have heard the rumors. Our total claim ratios for all the forms, that is bankruptcy, default, is running about 4.9. So six-tenths of 1 percent. And of that, two-tenths of 1 percent is bankruptcy, which we find is not out of line.

Senator **Stevens**. These do not indicate a staggering amount. It looks like it is running fairly consistent, except for 1 year, 3 to 4 percent a year. One year it got 7 percent.

I would like to put in this report, Mr. Chairman, a request for a recommendation that when we consider the authorization bill for next year, we stipulate that direct loans would not be subject to bankruptcy since they are an obligation of the United States.

Is that not right?

Mr. **Simmons**. That is the national direct student loan program. I think bankruptcy is permitted there, too.

Senator **Cotton**. Subject to the approval of Chairman Magnuson, I would say they are not.

Senator **Stevens**. I would just like a recommendation whether we should change that law. Somebody would have to study it.

Senator **Cotton**. That is an excellent suggestion. I think the chairman would also think so.

LOAN BANKRUPTCIES

Senator **Stevens**. I would like to put these in the record, Mr. Chairman.

Senator **Cotton**. Without objection, these will be in the record.

[The information follows:]

MONTHLY REPORT
CLAIMS ACTIVITY
(% column based on dollar amounts)

CLAIMS & COLLECTIONS BRANCH
DIVISION OF INSURED LOANS

DATE April 30, 1973

FEDERAL INSURED LOAN PROGRAM	Total Paid			Default			Bankruptcy			Death/Disability		
	#	$	%	#	$	%	#	$	%	#	$	%
Total Paid	57,316	53,746,153	100	51,932	47,731,670	91	2,500	2,953,548	4	2,884	3,060,935	5
Paid 68,69, & 70	2,035	1,696,706	100	1,408	1,093,786	64	196	195,289	11	431	407,631	25
Paid 71	9,507	8,034,252	100	8,357	6,758,070	84	497	541,439	7	653	734,743	9
Paid 72	18,911	17,759,054	100	17,411	16,000,266	91	711	889,120	4	789	869,669	5
Paid 73	26,863	26,256,141	100	24,756	23,879,548	92	1,096	1,327,700	3	1,011	1,048,893	5
Paid July	1,052	1,081,207	100	947	973,086	90	42	43,248	5	63	64,871	5
Aug.	1,405	1,361,564	100	1,274	1,233,475	91	62	76,490	4	69	51,599	5
Sept.	1,952	1,928,943	100	1,736	1,697,315	91	99	109,739	5	117	121,889	4
Oct.	3,975	3,957,773	100	3,675	3,598,685	92	151	212,779	3	149	146,309	5
Nov.	4,201	4,202,930	100	3,879	3,845,657	92	164	191,391	5	158	170,883	3
Dec.	2,575	2,681,150	100	2,373	2,455,972	93	103	118,477	3	99	106,703	5
Jan.	2,139	2,025,425	100	1,993	1,844,577	92	80	100,577	5	66	80,271	3
Feb.	1,979	1,982,650	100	1,839	1,832,609	93	88	99,231	4	52	50,810	3
Mar.	4,342	4,033,373	100	4,060	3,706,279	94	148	190,277	3	134	136,917	3
Apr.	3,243	2,996,126	100	2,980	2,691,891	92	159	185,491	3	104	118,744	5
May												
June												

G. A. RE-INSURANCE PROGRAM	Total Paid			Default			Bankruptcy			Death/Disability		
Total Paid	40,981	41,675,671	100	36,359	36,588,047	87	1,146	1,297,129	3	3,476	3,790,499	9
Paid FY 69-70	3,338	2,671,320	100	2,681	2,056,675	77	86	84,553	3	571	530,091	20
Paid FY 71	10,303	8,886,921	100	9,086	7,719,607	87	238	223,321	4	979	943,994	6
Paid FY 72	13,407	13,852,885	100	11,897	12,057,159	89	418	490,787	4	1,092	1,304,939	6
Paid FY 73	13,933	16,264,545	100	12,695	14,754,606	91	404	498,468	4	834	1,011,471	5
Paid July	1,119	1,215,471	100	1,018	1,095,153	91	36	46,576	4	65	73,742	5
Aug.	1,625	1,941,352	100	1,497	1,777,229	92	35	51,233	4	93	112,890	4
Sept.	1,266	1,450,138	100	1,153	1,306,461	91	44	53,070	4	69	90,607	5
Oct.	1,578	1,678,100	100	1,393	1,446,896	86	63	76,004	4	122	155,209	10
Nov.	1,454	1,742,651	100	1,333	1,594,133	92	43	45,535	4	78	102,933	4
Dec.	982	1,100,470	100	896	978,850	89	17	21,269	3	69	100,351	10
Jan.	971	1,147,442	100	863	1,023,586	89	33	42,495	2	75	81,361	9
Feb.	1,849	2,296,759	100	1,679	2,101,329	91	55	68,852	4	115	126,578	5
Mar.	1,162	1,400,780	100	1,069	1,282,001	92	35	44,598	4	58	74,181	4
Apr.	1,927	2,291,382	100	1,794	2,148,918	93	43	48,836	2	90	93,625	5
May												
June												

1. Collection Activity
2. Pre-Claim Activity

DIVISION OF INSURED LOANS

1. COLLECTIONS

	FEDERAL INSURED LOAN PROGRAM			GUARANTY AGENCY LOAN PROGRAM (Reinsurance)	N.D.S.L LOAN PROGRAM	
	NO.	PRIN.	INT.	PRIN. & INT.	PRIN.	INT
Collected since 7-1-68	28,979	2,287,138	13,370	2,588,934	57,110	10,819
Collected FY 69-70	415	24,015	50	65,868	10,478	2,058
Collected FY 71	2,543	205,119	713	328,167	9,485	1,839
Collected FY 72	7,347	589,140	3,071	789,758	15,036	2,968
Collected FY 73 (to date)	18,674	1,468,864	9,531	1,405,141	22,111	3,954
JULY	1,052	70,765	420	92,164		
AUGUST	1,359	70,758	690	205,929	2,810	644
SEPTEMBER	1,409	168,187	242	65,817	2,307	415
OCTOBER	1,433	118,944	1,301	159,345	1,059	299
NOVEMBER	1,915	103,397	271	72,326	916	174
DECEMBER	1,474	129,987	314	174,629	560	242
JANUARY	1,738	200,117	252	135,458	1,186	235
FEBRUARY	2,003	175,690	2,561	171,976	763	180
MARCH	2,873	182,621	2,223	200,362	5,479	885
APRIL	3,418	248,488	1,252	127,135	4,299	502
MAY					2,732	378
JUNE						

SUMMARY OF COLLECTIONS SINCE INCEPTION

FEDERAL	$ 2,300,508
STATE	2,583,934
NDSL	67,929
CUBAN	88,811 (discontinued)
TOTAL	$ 5,046,182

2.
PRE CLAIM MAILGRAM ASSISTANCE
(Began 2-1-72)

	Requests Rec'd	Mailgrams Sent	*RESPONSES Positive	%	Negative	%	Total
APRIL	9,484	7,813					
CUMULATIVE	71,853**	57,520	6,947	37.9%	11,360	62.1%	18,307

* Of the 57,520 mailgrams sent, lenders have reported results on 18,307. Lenders have 30 days in which to respond. 3,905 were reported as undeliverable.

NOTE:**Includes lender's request for skiptracing.

REGIONAL OFFICE COLLECTION ACTIVITY
THROUGH April 30, 1973

		Defaults Assigned #	Payments Received #	Payments Received $	OPS GOAL $	% Achieved	CONTACTS MADE #letters	CONTACTS MADE #telephone	CONTACTS MADE #personal
Region I (Boston)	APR.	23	15	572	12,000		55	4	6
	YTD	235	71	2,863		23.9	326	131	96
	CUM	247	71	2,863			348	193	100
Region II (NYC)	APR	111	60	2,925			149	12	3
	YTD	708	316	20,261	94,000	21.6	1939	110	9
	CUM	978	316	20,261			2091	118	9
Region III (Phila)	APR.	46	7	325			272	208	0
	YTD	493	39	4,637	70,000	6.6	524	267	0
	CUM	507	41	6,207			556	285	0
Region IV (Atlanta)	APR.	206	242	17,739			321	12	1
	YTD	1706	1568	210,487	160,000	131.6	3681	258	68
	CUM	2523	1612	213,209			4256	765	73
Region V (Chicago)	APR.	58	315	11,710			397	233	0
	YTD	1170	1954	109,949	100,000	109.9	5153	3454	14
	CUM	1832	1974	114,178			5,925	3665	17
Region VI (Dallas)	APR.	592	447	78,423			465	155	24
	YTD	4063	1241	176,431	421,000	41.9	4595	1913	158
	CUM	7130	1313	180,136			6759	4193	584
Region VII (K.C.)	APR.	70	52	2,691			127	83	2
	YTD	655	434	44,239	25,000	177.0	1253	431	15
	CUM	707	441	44,414			1311	445	18
Region VIII (Denver)	APR.	81	137	10,108			366	101	35
	YTD	1178	979	85,960	125,000	68.8	3177	698	261
	CUM	1751	1013	88,045			3409	712	268
Region IX (San Fran.)	APR.	981	419	21,825			888	200	9
	YTD	5873	2749	147,902	700,000	21.1	8720	2475	48
	CUM	11314	3026	163,541			12441	3463	64
Region X (Seattle)	APR.	68	106	7,795			100	56	4
	YTD	581	608	39,814	43,000	92.6	1211	441	27
	CUM	857	655	47,927			1362	586	41
TOTALS	APR.	2236	1800	153,933			3140	1064	84
	YTD	16662	9959	842,543	1,750,000	48.1	30579	10178	696
	CUM	27,846	10462	880,781			38,458	14,425	1174
		WASHINGTON OFFICE		635,852	750,000	84.8			

GUARANTEED STUDENT LOAN PROGRAM

Division of Insured Loans
May 14, 1973 PSE/RDAS

CLAIMS SUMMARY
All Data as of March, 1973
(Dollars in Thousands)

CLAIMS PAID

	ALL CLAIMS PAID		DEFAULT			BANKRUPTCY			DEATH AND DISABILITY		
	Amount	Share of Total	Amount	Share of Total	Percent Dist.	Amount	Share of Total	Percent Dist.	Amount	Share of Total	Percent Dist.
Federally Insured Program	$50,750	40.9	$45,041	41.4	88.8	$2,767	54.3	5.4	$2,942	28.9	5.8
Guarantee Agency Program	73,401	59.1	63,831	58.6	86.9	2,332	45.7	3.2	7,238	71.1	9.9
TOTAL	$124,151	100.0	$108,872	100.0	87.7	$5,099	100.0	4.1	$10,180	100.0	8.2

FEDERAL EXPENDITURES

	Amount	Share of Total	Amount	Share of Total	Percent Dist.	Amount	Share of Total	Percent Dist.	Amount	Share of Total	Percent Dist.
Federally Insured Program	$50,750	56.3	$45,041	56.7	88.8	$2,767	68.9	5.4	$2,942	44.3	5.8
G. A. Re-insured Program	39,381	43.7	34,439	43.3	87.4	1,247	31.1	3.2	3,695	55.7	9.4
TOTAL	$90,131	100.0	$79,480	100.0	88.2	4,014	100.0	4.4	6,637	100.0	7.4

ANNUAL LOAN VOLUME

Fiscal Year	Federal Program	G. A. Program	Total
1966	0	77 Million	77 Million
1967	0	248 Million	248 Million
1968	67 Million	369 Million	436 Million
1969	218 Million	469 Million	687 Million
1970	354 Million	486 Million	840 Million
1971	484 Million	560 Million	1,044 Million
1972	708 Million	593 Million	1,301 Million
1973 (9 months)	549 Million	498 Million	1,047 Million
Cumulative Since Inception	2.4 Billion	3.3 Billion	5.7 Billion

CLOSING OF BANKRUPTCY LOOPHOLE

Senator STEVENS. I think it is very appropriate that we have a good Scotsman looking after the loan program.

Mr. MUIRHEAD. I would like to comment, Senator Stevens, that we certainly endorse and are encouraged by your comments and that we are looking for ways that can stop this very dangerous loophole in the law without having any of the legal background to respond to your suggestion, we would like to see a change in the law that would stop a student being able to go through bankruptcy immediately on having completed his education. It just seems to me that is completely contrary to the letter and spirit of the law itself, and we appreciate your help on this.

Senator STEVENS. I agree, and I think, Mr. Chairman, it might have an impact on the banks' willingness to participate. If on a guaranteed loan, if a student declares bankruptcy, you would pay the bank, would you not?

Mr. MUIRHEAD. That is right.

Senator STEVENS. Particularly under the last amendment, you would pay interest and principal.

Mr. MUIRHEAD. That is right.

Senator STEVENS. It will go down as being something that would be totally uncollectable as far as you are concerned?

Mr. MUIRHEAD. At this point it would, yes.

Senator STEVENS. You do not have any insurance that is required under a guaranteed loan, do you?

Do you require a student to take insurance on a guaranteed loan?

Mr. MUIRHEAD. They do pay a premium under both the State guaranteed loan program and the Federal program. The rate of that premium is at one quarter of 1 percent.

Mr. SIMMONS. The Federal is one-fourth of 1 percent. The State is permitted to charge up to one-half.

Senator STEVENS. Do you permit the banks to require credit insurance?

Mr. SIMMONS. No.

Our insurance covers death and disability as well.

PRIVATE LOANS

Senator COTTON. Just one quick question.

Are there still private sources of loans to students such as church boards and others?

Mr. MUIRHEAD. Yes.

Senator COTTON. Is that quite prevalent?

Mr. MUIRHEAD. Yes.

Senator COTTON. You take those private loans into consideration, or the——

I have a mental block about the official name.

Mr. MUIRHEAD. The student financial aid officer.

Senator COTTON. The student financial aid officer takes that into consideration when he reports to you the gap that is necessary to fill?

Mr. MUIRHEAD. When he reports to the lender. He takes into account all the other resources that are available to this student in meeting his education costs.

Senator COTTON. Now, I seem to recall when I was in college—I happen to be a Methodist and was in a Methodist college, and I borrowed money from whatever the board was in the Methodist church, and I am happy to say that it was not too long after I started practicing law that I was able to pay it up with the interest.

Who gets precedence on that? Do you wait for those or do they wait for you?

The bank has to collect this, so is that preferential over these other loans from philanthropic or religious organizations?

Mr. MUIRHEAD. I would think so because of the terms of loan agreement that are probably a good deal more rigid and specific under our program than was the case when you borrowed from the Methodist church.

Senator COTTON. In those days the system was you borrowed, paid no interest until you completed your education, and entered upon whatever vocation you adopted. Then the interest began. Then they gently began to remind you. That is the same situation now. Yours is a guaranteed bank loan and that comes first.

Mr. MUIRHEAD. Ours is a guaranteed bank loan and it requires specific repayments, including interest and principal over an agreed-upon repayment period.

Senator COTTON. I see. Thank you.

JUSTIFICATIONS

The justification for the budget request will be inserted in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

For the Student Loan Insurance Fund created by the Higher Education Act of 1965, as amended [$29,047,000] *$57,883,000* to remain available until expended.

Amounts Available for Obligation

	1973	1974
Appropriation....................................	$29,047,000	$57,883,000
Proposed budget amendment.........................	17,593,000	---
Subtotal, budget authority.....................	46,640,000	57,883,000
Receipts and reimbursements from:		
Non-Federal sources:		
Insurance premiums............................	2,405,000	2,870,000
Interest income...............................	1,362,000	1,848,000
Loans repaid..................................	4,300,000	9,300,000
Unobligated balance, start of year................	158,000	---
Total, obligations............................	54,865,000	71,901,000

Budget Authority by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Student loans purchased upon default by student borrowers....	$46,640,000	$57,883,000	$+11,243,000

Obligations by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Student loans purchased upon default by student borrowers:			
(a) Federal insurance program...	$35,709,000	$48,919,000	$+13,210,000
(b) Federal reinsurance program.	19,156,000	22,982,000	+3,826,000
Total obligations........................	54,865,000	71,901,000	+17,036,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Other services...........................	$ 3,000	$ 3,000	---
Investments and loans....................	54,222,000	70,940,000	$+16,718,000
Insurance claims and indemnities.........	640,000	958,000	+318,000
Total obligations by object.........	54,865,000	71,901,000	+17,036,000

Summary of Changes

1973 estimated obligations	$54,865,000
1974 estimated obligations	71,901,000
Net change	+17,036,000

	Base	Change from base
Increases:		
A. Built-in:		
1. Federal insurance program	$35,709,000	$+13,210,000
2. Federal reinsurance program	19,156,000	+3,826,000
Total net change		+17,036,000

Summary of Changes

1973 Budget authority	$46,640,000
1974 Budget authority	57,883,000
Net change	+11,243,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Student loans purchased upon default by student borrowers	$46,640,000	$+11,243,000

Explanation of Changes

Obligations for default payments under the Student Loan Insurance Fund are estimated at $71,901,000 for fiscal year 1974, an increase of $17,036,000 over the 1973 estimated level of $54,865,000. This $71,901,000 will be funded by income and other collections into the fund of $14,018,000 and $57,883,000 from the appropriation request in 1974: On an appropriation basis, the 1974 request of $57,883,000 represents an increase of $11,243,000 over the 1973 amount of $46,640,000. The $46,640,000 includes $29,047,000 requested in the 1973 regular budget request and a proposal supplemental request of $17,593,000.

Authorizing Legislation

Legislation	Authorized	Appropriation requested
Higher Education Act:		
Title IV-B, Sections 421 and 428-431--Student Loan Insurance Fund..................	Indefinite	$57,883,000

HIGHER EDUCATION ACT

Title IV - Student Assistance

(P.L. 89-329, as amended)

PART B—FEDERAL, STATE, AND PRIVATE PROGRAMS OF LOW-INTEREST INSURED LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION [3]

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 421. (a) The purpose of this part is to enable the Commissioner (1) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435), (2) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b), (3) to pay a portion of the interest on loans to qualified students which are made by a State under a direct loan program meeting the requirements of section 428(a)(1)(B), or which are insured under this part or under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C), and (4) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(C).

(b) For the purpose of carrying out this part—

(1) there are authorized to be appropriated to the student loan insurance fund (established by section 431) (A) the sum of $1,000,000, and (B) such further sums, if any, as may become necessary for the adequacy of the student loan insurance fund,

FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

SEC. 428.

(c)(1) The Commissioner may enter into a guaranty agreement with any State or any nonprofit private institution or organization with which he has an agreement pursuant to subsection (b), whereby the Commissioner shall undertake to reimburse it, under such terms and conditions as he may establish, in an amount equal to 80 per centum of the amount expended by it in discharge of its insurance obligation, incurred under its loan insurance program, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal (other than interest added to principal) of any insured loan with respect to which a portion of the interest (A) is payable by the Commissioner under subsection (a), or (B) would be payable under such subsection but for the borrower's lack of need.

(2) The guaranty agreement—

(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to insure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program;

(B) shall provide for making such reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this subsection, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports;

(C) shall set forth adequate assurance that, with respect to so much of any loan insured under the loan insurance program as may be guaranteed by the Commissioner pursuant to this subsection, the undertaking of the Commissioner under the guaranty agreement is acceptable in full satisfaction of State law or regulation requiring the maintenance of a reserve;

(D) shall provide that if, after the Commissioner has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Commissioner), there shall be paid over to the Commissioner (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with regulations prescribed by the Commissioner) to represent his equitable share thereof, but shall not otherwise provide for subrogation of the United States to the rights of any insurance beneficiary: *Provided*, That, except as the Commissioner may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan; and

(E) may include such other provisions as may be necessary to promote the purposes of this part.

(3) To the extent provided in regulations of the Commissioner, a guaranty agreement under this subsection may contain provisions which permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer.

(4) For purposes of this subsection, the terms "insurance beneficiary" and "default" shall have the meanings assigned to them by section 430(e).

(5) In the case of any guaranty agreement entered into prior to September 1, 1969, with a State or nonprofit private institution or organization with which the Commissioner has in effect on that date an agreement pursuant to subsection (b) of this section, or section 9(b) of the National Vocational Student Loan Insurance Act of 1965, made prior to the date of enactment of this subsection, the

Commissioner may, in accordance with the terms of this subsection, undertake to guarantee loans described in paragraph (1) which are insured by such State, institution, or organization and are outstanding on the date of execution of the guaranty agreement, but only with respect to defaults occurring after the execution of such guaranty agreement or, if later, after its effective date.

CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE

SEC. 429. (a)(1) If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Commissioner may require, and otherwise in conformity with this section, the Commissioner finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this part, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

(2) Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) shall become effective upon the date of issuance of the certificate, except that the Commissioner is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon sixty days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

(3) An application submitted pursuant to subsection (a)(1) shall contain (A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Commissioner pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statements during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Commissioner may prescribe by or pursuant to regulation.

(b)(1) In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Commissioner may, in accordance with regulations consistent with section 424, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Commissioner, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Commissioner's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Commissioner and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Commissioner from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Commissioner in the absence of fraud or misrepresentation of fact or patent error.

(2) If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 424, the Commissioner may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance in comprehensive coverage under this subsection for the period or periods in which such future loans or payments are made.

(c) The Commissioner shall, pursuant to regulations, charge for insurance on each loan under this part a premium in an amount not to exceed one-fourth of 1 per centum per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Commissioner. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) request for payment of the loss insured against has been made or the Commissioner has made such payment on his own motion pursuant to section 430(a).

(d) The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Commissioner.

(e) The consolidation of the obligations of two or more federally-insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Commissioner may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b), the Commissier may amend that certificate accordingly.

(20 U.S.C. 1079) Enacted Nov. 8, 1965, P.L. 89-329, Title IV, sec. 429, 79 Stat. 1243.

DEFAULT OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM

SEC. 430. (a) Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this part, and prior to the commencement of suit or other enforcement proceedings upon security for that loan, the insurance beneficiary shall promptly notify the Commissioner, and the Commissioner shall if requested (at that time or after further collection efforts) by the beneficiary, or may on his own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined. The "amount of the loss" on any loan shall, for the purposes of this subsection and subsection (b), be deemed to be an amount equal to the unpaid balance of the principal amount of the loan (other than interest added to principal).

(b) Upon payment by the Commissioner of the amount of the loss pursuant to subsection (a), the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Commissioner on a loan after deduction of the cost of that recovery (including reasonable administrative costs) exceeds the amount of the loss, the excess shall be paid over to the insured.

(c) Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Commissioner, or to preclude forbearance by the Commissioner in the enforcement of the insured obligation after payment on that insurance.

(d) Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Commissioner, after reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 428(a)(3) and section 429(a)(3), or to pay the required Federal loan insurance premiums, he shall disqualify that lender for further Federal insurance on loans granted pursuant to this part until he is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

(e) As used in this section—

(1) the term "insurance beneficiary" means the insured or its authorized assignee in accordance with section 429(d); and

(2) the term "default" includes only such defaults as have existed for (A) one hundred and twenty days in the case of a loan which is repayable in monthly installments, or (B) one hundred and eighty days in the case of a loan which is repayable in less frequent installments.

(20 U.S.C. 1080) Enacted Nov. 8, 1965, P.L. 89–329, Title IV, sec. 430, 79 Stat. 1244; amended Oct. 16, 1968, P.L. 90–575, Title I, sec. 113, 82 Stat. 1021.

INSURANCE FUND

SEC. 431. (a) There is hereby established a student loan insurance fund (hereinafter in this section called the "fund") which shall be available without fiscal year limitation to the Commissioner for making payments in connection with the default of loans insured by him under this part, or in connection with payments under a guaranty agreement under section 428(c). All amounts received by the Commissioner as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Commissioner in connection with his operations under this part, and any other moneys, property, or assets derived by the Commissioner from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Commissioner under this part, or in connection with such guaranty agreements shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

(b) If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the

Commissioner under this part, or in connection with any guaranty agreement made under section 428(c), the Commissioner is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Commissioner from such fund.

GUARANTEED STUDENT LOAN PROGRAM

Student Loan Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$ 550,000	$ 550,000	$ 550,000	$ 550,000
1967	3,200,000	3,200,000	3,200,000	3,200,000
1968	---	---	---	---
1969	---	---	---	---
1970	10,826,000	10,826,000	10,826,000	10,826,000
1971	18,000,000	18,000,000	18,000,000	18,000,000
1972	12,765,000	12,765,000	12,765,000	12,765,000
1973	29,047,000			
1973 budget amendment	17,593,000			
1974	57,883,000			

Justification

Student Loan Insurance Fund

	1973	1974	Increase or Decrease
Federal Insurance Program:			
Claims paid (obligations)..........	$35,709,000	$48,919,000	$+13,210,000
Receipts and carryover.............	-5,785,000	-9,715,000	-3,930,000
Subtotal, Budget authority......	29,924,000	39,204,000	+9,280,000
Federal Reinsurance Program:			
Claims paid (obligations)..........	19,156,000	22,982,000	+3,826,000
Receipts and carryover.............	-2,440,000	-4,303,000	-1,863,000
Subtotal, Budget authority......	16,716,000	18,679,000	+1,963,000
Total:			
Obligations..................	54,865,000	71,901,000	+17,036,000
Budget authority (appropriation).............	46,640,000	57,883,000	+11,243,000

General Statement

The Student Loan Insurance Fund was established under the Guaranteed Student Loan Program to enable the Commissioner to pay defaults out of insurance premiums, defaulted loan repayments, and other receipts, as well as from amounts appropriated for this purpose. Appropriations are made to cover default payments on both Federally insured and Federally reinsured loans.

The request for Federal interest subsidies, special allowances and death and disability payments on these loans--the major appropriation item--is presented and justified to the Congress under the appropriation account for "Higher Education." Requirements for staffing, and computer services, are included in the Salaries and Expense account.

Following for the purpose of background information is a summary of the authority, purposes, operation and scope of the student loan program as a whole.

Authority and Purpose:

Title IV, Part B of the Higher Education Act of 1965 (P.L. 89-329), authorizes a program of low interest, deferred repayment loans, utilizing private capital, to help students finance their postsecondary education. The law authorizes Federal payments to reduce student interest costs and special allowances paid to lenders as warranted by money market conditions (provided under the Emergency Insured Student Loan Act of 1969 P.L. 91-95). The program includes loans made by a State, insured directly by the Federal Government and loans guaranteed by State and nonprofit private agencies. Most of these latter loans are reinsured up to 80 percent by the Federal Government. Loans made by a State (not insured) are eligible only for the Federal interest subsidy and do not qualify for the special allowance or Federal reinsurance. The law also establishes a Student Loan Insurance Fund--from which defaults are paid and into which appropriations related to defaults and other receipts are deposited.

Scope of the Program:

By the end of fiscal year 1974, it is expected that loans totaling $7,700,000,000 will have been made to students under this program. More than $1,671,000,000 will have been made in fiscal year 1974 alone. There are over 19,500 lenders and 8,200 educational institutions--here and abroad--which are eligible for students to attend under the Guaranteed Student Loan Program.

Measured by income category, race and sex of borrowers, the program serves a diverse population. In fiscal year 1972, 28.0 percent were from families with gross incomes of less than $6,000, while 26.8 percent were from families with gross incomes of $12,000 and over. Over 21 percent of the borrowers were from minority groups. Blacks accounted for 17 percent of all borrowers. Nearly two out of three borrowers were male, about the same proportion of males as found in the total undergraduate population.

Program Operations:

The principal of the student loan is provided by participating lending institutions such as commercial banks, savings and loan associations, credit unions, insurance companies, pension funds, and eligible educational institutions. Twenty-five State or nonprofit agencies administer their own guaranteed loan program. The agencies may contract with the Commissioner of Education, to reinsure 80 percent of the principal amount of the loss incurred by the agency in meeting its obligation to lenders on guaranteed loans in default. No fee is charged for the reinsurance.

The Federally Insured Student Loan Program operates in the remaining states. In addition, the Act authorizes Federal insurance for lenders operating on an interstate basis for students who by virtue of their residency do not have access to a State program. Under the Federal program, the Commissioner will insure the lender for 100 percent of the principal outstanding at the time the loan enters into default. The insurance premium charged is one quarter of one-percent of the face value.

While the student is in school, during the maximum 12-month grace period, and during periods of authorized deferment, the Federal Government pays the total interest up to the maximum 7 percent on loans that qualify for such a subsidy. Through February 28, 1973, students whose adjusted family income was less than $15,000 per year qualified for the subsidy. Under the Education Amendments of 1972 (P.L. 92-318) to become effective March 1, 1973, students apply for Federal interest benefits by submitting, to the lender a recommendation by the educational institution as to the amount needed by the student to meet his educational costs.

A special allowance is authorized to be paid to lenders when the Secretary of Health, Education, and Welfare determines that economic conditions are impeding or threatening to impede the fulfillment of the purposes of the program or that the return to the lender is less than equitable. The rate may not exceed three percent per annum on the average quarterly unpaid principal balance of loans made after August 1, 1969.

The Education Amendments of 1972 (P.L. 92-318) increased the maximum loan per academic year from $1,500 to $2,500. The maximum total loans outstanding for graduate students was increased from $7,500 to $10,000.

These amendments also provide that all Federally insured loans made under the new legislation are insured 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits.

Applications for student loans may be obtained from lenders, schools, regional offices of the Office of Education or State or private nonprofit guarantee agencies. The school must complete a portion of this application certifying the amount of loan needed by the student and verifying the student's enrollment, his costs and academic standing. If the lender agrees to make the loan, approval must be obtained by the appropriate guarantor.

Any student may apply who has been accepted for enrollment in a eligible school or who is already in attendance and in good standing, and who is a citizen or national of the United States or is in the United States for other than a temporary purpose. In most states, half-time students are eligible, but some state agency programs require full-time attendance. Residency requirements also vary in some states.

Other information relevant to this program is shown under the Higher Education appropriation.

Estimating Problems:

The President's Budget for fiscal year 1973 for the Student Loan Insurance Fund was prepared in August of 1971. Experience to date in fiscal year 1973 indicates quite clearly that the budget estimate for the Student Loan Insurance Fund will be significantly below actual requirements.

Difficulties in estimating are directly related to the relative newness of the Guaranteed Student Loan Program and the absence of hard data on defaults and loans in repayment. Defaults under the Federal Program did not reach the Office of Education in substantial amounts until the latter part of fiscal year 1970. The reinsurance phase of the program began only recently and has been further complicated by the failure of agencies to file for reinsurance on all eligible claims and on a timely basis.

Data necessary for systematic estimating based on matured paper and defaults are not yet available, but a computerized forecasting model is currently being developed to help manage the program. Continued experience in the processing of Federally insured and reinsured claims together with progressive growth in the total program have provided a better base for estimating. The methodology used in arriving at each of the data in the revised 1973 estimates and 1974 forecast is described within the statements for the insured and reinsured phases of the program.

Federal Insurance Program

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Federal Insurance Program:			
Claims paid (obligations)........	$35,709,000	$48,919,000	$+13,210,000
Receipts and carryover...........	-5,785,000	-9,715,000	-3,930,000
Total, Budget authority........	29,924,000	39,204,000	+9,280,000

Narrative

Under the Higher Education Act of 1965, the Office of Education is authorized to provide a program of Federal loan insurance for students and lenders who do not have reasonable access to State or private nonprofit guarantee agency programs. Upon default of student borrowers, the Office of Education is authorized to pay the beneficiary 100 percent of the principal amount of the loss. The Education Amendments of 1972 also provide that all Federally insured loans made under the new legislation are insured 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits. In the event of death or total and permanent disability, the Commission discharges the borrower's liability by paying lender the total amount owed. The law also authorizes the Commissioner of Education to charge an insurance premium of up to one-fourth of one percent per year on the unpaid principal amount of loans insured under this program.

Scope of the Program:

The Higher Education Act of 1965 originally placed emphasis for insuring a loan on State and private nonprofit agencies. The Federal program of insurance was provided on a stand-by basis in the event that the State or private nonprofit agencies were unable to provide adequate coverage. Today, the Federal Insurance Program is operating in 26 states, Puerto Rico, and the Trust Territories of the Pacific. By the end of fiscal year 1974, over $2,900,000,000 in outstanding loans will be insured under the Federal Program--approximately 50 percent of all outstanding loans insured under the Guaranteed Student Loan Program.

Operation of the Program - Collection Efforts:

The lender must exercise due diligence both in the making and collection of loans. In the event the borrower dies or becomes totally and permanently disabled, the government reimburses the lender for the total amount owed. No subsequent efforts are made to recover these losses either from the borrower or his estate. In the event of bankruptcy, limited efforts are made to obtain reaffirmation of the debt and some borrowers have reaffirmed their debt after discharge in bankruptcy. However, in the event the borrower defaults on his obligation, the lender is required to make all reasonable efforts to effect collection before filing a claim with the government for reimbursement of his loss. If it is determined that the lender has not exercised such diligence, the claim is returned for further effort or in some cases, ruled ineligible for payment due to lender negligence. The government provides lenders with preclaim assistance which has resulted in many delinquent accounts being returned to good standing.

After a claim for default is paid, the Office of Education, through automated assistance from Washington and collection personnel both in Washington and its ten regional offices makes an effort to recover the loan. Until late in fiscal year 1972, systematic collections on defaulted loans were limited by staff resources. Fifty-two new positions were requested and approved by the Congress in fiscal year 1972 to help strengthen the collection effort. The first thirty-two field collections staff were allocated to the regions at that time. These were filled through re-assignment of Office of Education staff. All collection practices and procedures follow those set forth in the regulations implementing the Federal Claims and Collection Act of 1966.

Major Objectives - Fiscal Year 1974:

A major goal in fiscal year 1974 will be to increase the recoveries on defaulted loans. These recoveries are expected to reach $5,700,000 in the Federal program against $2,500,000 in fiscal year 1973. These estimates are subject to change with additional program experience.

Improved program monitoring and management should assist in reducing the level of defaults. A major effort in providing preclaim assistance to lenders will contribute to the objective of reducing the potential default level. An increase in staff in fiscal year 1974 has been requested under the Salaries and Expenses Appropriations to effect recoveries on existing defaults and to support increased loan volumes and improved program monitoring and management activities.

Fiscal Year 1974 Estimate:

Defaults under the Federally insured phase of the program did not begin reaching the Office of Education, in substantial number, until late in fiscal year 1970; therefore, an experience factor is not yet available for estimating the rate of default on the amount of loans assumed to be entering or in repayment. A corresponding lack of experience exists on predicting with accuracy the rate of recovery on defaulted loans.

Claims on Defaulted Loans:

Payments to lenders for claims on defaulted student loans are expected to total $48,919,000 in 1974, an increase of 13,210,000 over the 1973 estimate of $35,709,000. The projections for both years are predicted by applying an assumed rate of default to the estimated value of loans in repayment. Two categories of repayment loans are considered--those converting to repayment during the fiscal year and those already in repayment status from prior years. The incidence of default is assumed to be considerably higher during the year of conversion because no pattern of payments has been established. Studies made by selected guarantee agencies and information developed on installment credit borrowers in the 21 to 34 age group indicated that rates might be as high as 7.5 percent for conversions and 2.5 percent of previous year's balance, but rates of 6.5 percent for conversions and 2.0 percent of previous year balance in repayment are used in this estimate, because those reates provide estimates more consistent with other available data.

The projected overall default rate for the Federal program is higher than that anticipated for State and nonprofit private agency and reinsured phases of the program. Differences in the relative management resources available and the operations of the two parts of the Guaranteed Student Loan Program have been partially responsible for this difference. Federal program operates on an interstate basis and includes lenders who are not supervised by established supervisory agencies (Federal Reserves, FDIC, etc.). State agency activities are, for the most part, restricted to a given state area and do not permit unsupervised lenders such as proprietary schools to make student loans.

Another reason for the difference between "default rates" for the Federal program versus guarantee agency programs is that in the Federal program, the figures represent total claims received from lenders for defaults; whereas, in the case of the guarantee agencies, the figures are not claims received, but are the net after the agencies and lenders have made further collection efforts. There is also a difference in the kind of constitutent served under the Federally insured and state agency phases of the program. The Federal program has a substantially greater proportion of its loans serving the vocational education and lower income student. Many of the state agencies have guaranteed relatively few loans to these categories of students. Preliminary data show that students with vocational loans and those in the low income groups have a greater propensity to default.

Receipts and Carryover:

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans)............................	$2,500,000	$5,700,000	$+3,200,000
Insurance premiums....................	2,405,000	2,870,000	+ 465,000
Interest income.......................	787,000	1,145,000	+ 358,000
Carryover balance.....................	93,000	---	- 93,000
Total receipts and carryover...	5,785,000	9,715,000	+3,930,000

Insurance premiums available for obligation during fiscal year 1974 amount to $2,870,000. This amount relates to collections and receivables on loans made in prior years and anticipated billings during fiscal year 1974. The Higher Education Act authorizes the charge of an insurance premium in the amount of one-fourth of one percent per annum. The premiums are actually collected in advance for the interim period which can run for five years. Amounts collected are therefore available for obligation as they are earned, or at the rate of 1/20th per quarter, the equivalent of 20 percent per annum over a five year period. Billings during 1974 are estimated at $5,375,000 or an average of $6.50 on some 827,000 loans. Amounts available for obligation consisting of 20 percent of this total, $1,075,000, and monies available from prior years billings, $1,795,000, give an estimated $2,870,000 in insurance premium income for the Student Loan Insurance Fund.

The 1974 estimate includes increases in collections on defaulted loans of $3,200,000 over the level estimated for 1973. Total collections of $5,700,000 assumes a recovery rate of ten percent of the total default dollars (approximately $57,000,000) outstanding at the beginning of fiscal year 1974. This assumed percentage of recovery is based upon the experience (15 percent) of the collections division of the FHA Title I Home Improvement Program in the Department of Housing and Urban Development which has the most comparable collections operation. The adjustment to ten percent gives consideration to the unique conditions of the program already cited which make collections more difficult, and to the need to train adequately Office of Education personnel reassigned from other programs.

Federal Reinsurance Program

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Federal Reinsurance Program:			
Claims paid (obligations).......	$19,156,000	$22,982,000	+ $3,826,000
Receipts and carryover..........	-2,440,000	-4,303,000	-1,863,000
Total, Budget authority....	16,716,000	18,679,000	+1,963,000

Narrative

Authority and Purpose:

The Higher Education Amendments of 1968 authorized the Office of Education to reinsure loans guaranteed by State and nonprofit private agencies to the extent of 80 percent of the principal amount of the loss incurred by the agency in meeting its obligation to lenders as a result of default by student borrowers. One of the principal purposes of this amendment was to substitute Federal credit in lieu of further advances to the States pursuant to Section 422 of the Act. The effect of the 80 percent reinsurance is to increase the guarantee capacity of the agency by a factor of five.

Scope of the Program:

Twenty-four states and the District of Columbia currently have agreements to guarantee student loans. Twenty-one of these agencies operate their programs directly; five have contracted with United Student Aid Funds, inc., a private nonprofit agency, to administer their programs. Reinsurance agreements are currently effective in 23 states and the District of Columbia. By the end of the fiscal year 1974, nearly $2,400,000,000 in outstanding loans will be reinsured under the Federal Reinsurance Program--approximately 41 percent of all outstanding loans insured under the Guaranteed Student Loan Program. An additional $750,000,000-- or about 12 percent of all outstanding loans--is guaranteed by state agencies, but not reinsured by the Federal Government. Texas (through July 29, 1971) and Wisconsin have programs of direct State loans to students. The law authorizes the Office of Education to pay interest benefits on behalf of eligible students, but these programs are not entitled to Federal reinsurance.

Operation of the Program - Collection Efforts:

In the case of loans guaranteed by State and nonprofit private agencies, the guarantee agency requires diligent collection efforts on the part of the lender prior to paying claims. After default the agency has the responsibility to recover the loss. Eighty percent of the payments made by defaulted borrowers to the agency are returned to the Federal Government. The Federal Government has no direct responsibility for making collections. The agreement providing for reinsurance of guaranteed loans includes standards to be met by the guarantee agency. Program reviews are conducted to assure that they are conducting their business according to the Office of Education's agreement with them.

Fiscal Year 1974 Estimate:

Although the State and private non-profit agency programs have been in existence longer than the Federal Insurance Program, the same general problems exist in estimating the amount of defaults (nature of the program, etc.). Because of the differences in operations and constituency served in the reinsured program described in detail in the statement on the Federal Insurance Program, the rates used in projecting reinsured defaults are assumed to be slightly lower. In addition, estimating under the reinsurance program is further complicated since some agencies do not request reimbursement on every defaulted loan. Experience through fiscal year 1972 suggested that there is also a considerable lag between time of default and agency filing for reinsurance payments. Recoveries under this phase of the program are also difficult to estimate since the collection efforts among the agencies varies in level of sophistication.

Claims on Defaulted Loans:

Payments to agencies for reinsured claims are expected to total $22,982,000 in 1974, an increase of about $3,800,000 over estimated obligations of $19,156,000 in fiscal year 1973. The projections for both years were made by applying an assumed rate of 4.0 percent to loans estimated to be converting to repayment and 1.0 percent of previous year balance in repayment. This gave an estimated overall rate of 3.4 percent of all agency loans in repayment in 1974.

Receipts:

	1973 Estimate Revised	1974 Estimate	Increase or Decrease
Loans repaid (collections on defaulted loans)	$1,800,000	$3,600,000	$+1,800,000
Interest income	575,000	703,000	+ 128,000
Carryover	65,000	---	- 65,000
Total receipts	2,440,000	4,303,000	+ 1,863,000

The 1974 estimate includes increases in collections on defaulted loans of $1,800,000 over the level estimated for 1973. The assumed percentage of recovery on default dollars outstanding (estimated $37,500,000) at the beginning of the fiscal year is the same rate (10 percent) used for Federal collections estimate. The rate will vary, however, among the agencies. Eighty percent of all collected becomes available as income to the Student Loan Insurance Fund.

GUARANTEED STUDENT LOAN PROGRAM

Student Loan Insurance Fund

Program Purpose and Accomplishments

Activity: Loans purchased upon defaults of student borrowers

	1974	
1973	Authorization	Budget Estimate
$46,640,000	Indefinite	$ 57,883,000

Purpose: The fund was established under the authority of the Higher Education Act of 1965 to enable the Commissioner of Education to make payments on defaults by student borrowers under the Federally Insured Student Loan Program. The liability of the fund was substantially increased by the Higher Education Amendment of 1968 which authorizes the Commissioner to reinsure loans guaranteed by States and non-profit private agencies at 80 percent of default.

Explanation: To make available to the Commissioner, without fiscal year limitation, funds for payments in connection with default of insured and reinsured loans by student borrowers.

Accomplishments in 1973: Further training and progressive experience of collections personnel assigned to the field resulted in significant improvements in recovering on defaulted loans. The level of on-site lender and school program reviews was greatly increased. Improved pre-claims assistance and skip-tracing services were provided to lenders through the central office.

Objectives for 1974: Improved collections, program monitoring and management should assist in reducing the level of defaults. A major effort in providing preclaim assistance to lenders will contribute to the objective of reducing the potential default level.

Gross Loans Insured and Guaranteed

	1971	1972	1973	1974
Amount of Loans:				
Federally insured.	$1,121,849,000	$1,830,013,000	$2,562,161,000	$3,464,161,000
Guarantee agencies	2,210,261,000	2,803,674,000	3,427,356,000	4,196,596,000
Total........	$3,332,110,000	$4,633,687,000	$5,989,517,000	$7,660,757,000
Loan Volume:				
Federally insured.	1,183,561	1,875,435	2,553,435	3,380,435
Guarantee agencies	2,500,956	3,065,381	3,643,390	4,349,390
Total........	3,684,517	4,940,816	6,196,825	7,729,825
Average Loan........	$965	$1,036	$1,079	$1,090

Data on Defaults
(Dollars in Thousands)

	Federally Insured		Guaranteed-Reinsured		Total	
	No.	Amount	No.	Amount	No.	Amount
Fiscal years 1968-1970	2,504	$ 2,082	3,882	$ 3,107	6,386	$ 5,189
Fiscal year 1971......	8,854	8,042	9,324	7,916	18,178	15,958
Fiscal year 1972......	20,211	18,554	14,164	12,153	34,375	30,707
Fiscal year 1973 est..	38,726	35,706	22,069	19,156	60,795	54,862
Fiscal year 1974 est..	52,152	48,916	26,175	22,982	78,327	71,898
Total............	122,447	113,300	75,614	65,314	198,061	178,614
Fiscal years 1968-1970	---	$ 831	---	$ 800	---	$ 812
Fiscal year 1971......	---	908	---	848	---	877
Fiscal year 1972......	---	918	---	858	---	893
Fiscal year 1973 est..	---	922	---	868	---	902
Fiscal year 1974 est..	---	938	---	878	---	917

Payment of Participation Sales Insufficiencies—Higher Education Facilities Loan and Insurance Fund

STATEMENT OF PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

ACCOMPANIED BY:

- **DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION, DESIGNATE**
- **DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING EVALUATION, AND MANAGEMENT**
- **S. W. HERRELL, ACTING ASSOCIATE COMMISSIONER, BUREAU OF HIGHER EDUCATION**
- **WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION**
- **FREDERICK WILSON, ACTING EXECUTIVE OFFICER, BUREAU OF HIGHER EDUCATION**
- **JOE G. KEEN, BUDGET OFFICER**
- **JESS BERRY, BUDGET ANALYST**
- **OSCAR P. SHIELDS, BUDGET ANALYST**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

BUDGET REQUEST

Senator COTTON. Next we are going to hear about the higher education facilities loan and insurance fund. Mr. Muirhead, the Deputy Commissioner of Higher Education, is here to talk about the budget request of $2,948,000 for this fund.

You may proceed.

We will be happy to hear your statement.

Mr. MUIRHEAD. Mr. Chairman, and members of the committee, I have a short statement. I am most happy to appear before you to present our request for an appropriation for the higher education facilities loan and insurance fund.

The Participation Sales Act of 1966 established a revolving fund for loans made under title III of the Higher Education Facilities Act—now subsumed by title VII, part C, of the Higher Education Act as amended—and authorized sales of such loans to the private credit market, with the proceeds going into the fund to be used for making new loans. Since operations under this program ceased in fiscal year 1970 when the annual interest grant program was implemented, new loans can now be made only to the extent that funds are withdrawn from previously committed but undisbursed loans.

It is anticipated that funds withdrawn from early commitments will support four new loans totaling $1,945,000 in fiscal year 1974.

Since the interest received on the facilities loans is less than the interest we must pay on the participation certificates sold in prior years, appropriations for insufficiencies are needed each year.

In fiscal year 1974, we will need $4,497,000 for this purpose. Of this amount, $1,549,000 is covered by an indefinite permanent appropriation and the remainder, $2,948,000, is being requested now as part of an annual appropriation. This amount is $51,000 below the 1973 level because of an increase in investment income to the fund.

I shall be pleased to answer any questions the committee may have.

PREVIOUS COMMITTED LOANS WITHDRAWAL

Senator COTTON. You said that new loans can only be made to the extent that the funds are withdrawn from previous committed loans. Is this a restriction in the law or a money-saving budget decision?

Mr. HERRELL. It is only the funds withdrawn from earlier commitments that we are able to lend. As you can see, there would be 40 loans that would be available.

Senator COTTON. This particular program is being terminated?

Mr. HERRELL. Senator, as you know, basically in this program, we entered into a participation sale and it ceased to exist in 1970, and we are just paying off those participation sales insufficiencies for the period allowed for those sales.

Mr. MILLER. Mr. Chairman, I think that is slightly misleading in answer to your question. I think it is partly both things that you mentioned. The law states that funds may be lent only to the extent authorized by an appropriation act.

We could request more money for this program, and we are not, so in a sense we are phasing the program out, and to the degree that you have asked the question, it is budget saving. Limiting loans to commitments withdrawn, is a part of our proposed budget.

Senator COTTON. It is the budget, not the law.

Mr. MILLER. Yes. We could continue the program.

Senator STEVENS. What are these loans used for, Mr. Chairman? I do not quite understand.

Senator COTTON. Buildings and equipment.

Mr. MUIRHEAD. They are used for the construction of classroom buildings, libraries, laboratories.

Senator STEVENS. For universities?

Mr. MUIRHEAD. Colleges and universities.

Senator COTTON. In other words, what you are talking about, that if a loan was applied for and granted, then the building was not built, that is the one that comes back to you.

Mr. MILLER. That is, I think, a good example, but in some cases, in the past, the institution converted to a subsidized loan, under the annual interest grant program.

Senator COTTON. Instead of having that money revert, do you take that money and ask the committee for a little more to put with it to utilize that money for another loan, so in a way, you are prolonging the program to that extent, cutting off the dollars and cents in one instance, as they say.

Mr. MUIRHEAD. As Mr. Miller pointed out, our policy is that of not continuing this program.

Senator COTTON. But not letting it die.

Mr. MUIRHEAD. We are taking these funds that become available to this program as the result of canceled obligations and using them to make a few direct loans.

Senator **Cotton**. But you have to ask for a little more money to piece it out each year.

Mr. **Muirhead**. We did request additional funds, but——

Senator **Cotton**. That could continue into a prolonged and very lingering death.

Mr. **Muirhead**. That is not our intention.

Senator **Cotton**. The Budget Officer, Mr. Miller, is shaking his head, no.

Mr. **Miller**. We do not request additional budget authority. We ask the Congress, in a sense, to reaffirm that we can use the money that is already appropriated. We must do that. We are not asking really for additional funds other than those that have already been appropriated.

Senator **Cotton**. Aren't you asking for $5 million or something?

Mr. **Herrell**. These are to pay off the insufficiencies of our participation sales that were made several years ago.

PARTICIPATION SALE

Senator **Cotton**. What is a participation sale?

Mr. **Herrell**. That goes back several years. It was a method of financing loans for higher education facilities. We used the participation sales procedure in cooperation with Fannie Mae. Those participation sales were sales of securities on the open market, and, of course, we had to pay a higher rate of interest than we charged the schools. What we call insufficiencies are amounts we need to pay the difference between interest we pay and interest we receive on those loans. These payments could continue for 25 years. The same thing is true of the annual interest grant program.

Senator **Cotton**. In other words, you've got dormitories and laboratories on many college campuses right now that we are committed to pay our share of the interest for 20 or 30 years.

Mr. **Harrell**. That is correct.

Senator **Cotton**. So this program that is the forward movement, can be phased out or reduced, but it would remain an uncompleted program as far as obligation is concerned, for a long time.

Mr. **Muirhead**. Precisely.

Mr. **Herrell**. That is correct, sir.

Senator **Cotton**. That is one more item out of control of this committee or the Congress.

Mr. **Herrell**. That is correct, sir.

Senator **Stevens**. Mr. Chairman, I do not think it is out of control, as opposed to a hidden subsidy. It is an absolute open subsidy. You sold these bonds on the open market, and instead of borrowing the money directly and having a subsidy where there was no income tax on the Government bond, you sold them on the taxable bond market, and the people that are getting the interest, are paying their taxes back to Uncle Sam on their interest.

Senator **Cotton**. We are picking up the difference. To that extent, it is out of our control. It is an obligation.

Senator **Stevens**. It is fixed, though. You aren't making any new ones. We know exactly how much you are obligated to pay in terms of the interest over a period of time.

Senator **Cotton**. Who would be getting these four new loans that you mentioned?

Mr. **Herrell**. We have not determined that. We are giving some thought to not making any new loans.

Senator **Cotton**. Oh, you are?

Mr. **Herrell**. Yes.

Senator **Stevens**. When was that decision made?

Senator **Cotton**. And you mentioned four new loans.

Oh, you mean the amount that might be made for new loans might not be made?

Mr. **Herrell**. That's right. However, we have not changed our budget, and our budget calls for four loans.

ESTIMATE OF YEARLY OBLIGATIONS

Senator **Cotton**. Could you furnish for the record an estimate of the yearly obligations in advance that we have running over the years. I don't mean every year. I do not know how long it is going to last, but just the general estimate. For instance, next year our obligation for repayment for paying that portion of that interest that would come to x number of dollars.

Mr. **Herrell**. It will be reduced each year.

Mr. **Muirhead**. We would be glad to supply that for the record, Mr. Chairman.

[The information follows:]

Estimated Obligations and Appropriations on Subsidies for Higher Education Facilities Loans for Fiscal Years 1974 through 1979

	1974	1975	1976	1977	1978	1979
Higher Education Facilities Loan and Insurance Fund:						
Obligations:						
Interest expense to Treasury..	$18,800,000	$18,600,000	$17,555,000	$16,834,000	$16,155,000	$15,327,000
Interest expense on participation certificates.........	10,476,000	10,078,000	9,999,000	9,650,000	9,540,000	9,150,000
Administrative expenses.......	19,000	20,000	20,000	20,000	20,000	20,000
Total, Obligations..........	29,295,000	28,698,000	27,574,000	26,504,000	25,715,000	24,497,000
Financed by:						
Receipts and carryover funds..	-24,798,000	-24,218,000	-23,104,000	-22,054,000	-21,275,000	-20,097,000
Appropriation required for insufficiencies...........	4,497,000	4,480,000	4,470,000	4,450,000	4,440,000	4,400,000
Add:						
Appropriation required for annual interest grants subsidies for continuation costs......................	31,425,000	31,425,000	31,425,000	31,425,000	31,425,000	31,425,000
Total required appropriation for subsidies on construction loans.................	35,922,000	35,905,000	35,895,000	35,875,000	35,865,000	35,825,000

FACILITIES LOANS APPLICATIONS

Senator STEVENS. Have you had applications for facilities loans under this program?

Do they still come in?

Mr. MUIRHEAD. They do not come in under this program because we no longer have the program, nor do we provide an opportunity for institutions to make applications.

Senator STEVENS. The money would have supported four new loans, but the administrative decision is to not make loans.

Did you convey to the institutions that you would not make new loans?

Mr. MUIRHEAD. I think it is unfortunate that this sentence appears, because it really does not indicate that we have exercised that prerogative. We have just said that the amount of money would make that possible.

Senator STEVENS. I am interested. I have got a number of small colleges in Alaska that look at these grant programs with the idea of building new facilities. So they hire somebody, make up an application and send it in. Then they find out that you are not using that program any more.

Is that possible, or have you told the universities and the colleges that you will not use this program anymore?

Mr. MUIRHEAD. We have told the colleges and the universities that we are not using this program, and the colleges and universities, when seeking support for programs, wait upon the request for an application.

Senator COTTON. I know who they wait upon. They wait upon the Senators and Congressmen, and Alaska does not have a mortgage on this.

I have some struggling institutions in New Hampshire, as are in every State. They still want to get new laboratories, new dormitories, new equipment, and they are writing to know where they can get it. Most of them apparently assume that this particular program, if they knew about it, is terminated.

As you once proclaimed it was very wise to put that money that would start new programs, back into the treasury because if all of the scores and scores, if not hundreds of institutions that want something of that kind, if you suggested that you had four, you would see a lot of arms and legs broken in the rush.

Right?

Mr. MUIRHEAD. I am sure there would be.

Senator STEVENS. I am not arguing about the fact that you are not going to make them. I just want to know, do the institutions know you are not going to make them ever?

You say operations ceased under this program when the annual interest grant programs was implemented.

Mr. HERRELL. That is correct.

Senator STEVENS. Was the authorization repeated?

Mr. MUIRHEAD. No, but the colleges and universities were notified at that time that we were moving from the sales participation procedure to the annual interest direct loan programs.

Senator STEVENS. You have not received any applications from institutions?

Mr. **Herrell.** No.

Senator **Stevens.** What would you do if you got one?

FACILITIES CONSTRUCTION

Is there another program that could assist in facilities for construction?

Mr. **Muirhead.** We have no programs for facilities construction at the present time. There are authorizations, but we have no appropriation, nor has it appeared in our budget since 1970.

Senator **Stevens.** That highly disturbs me.

Why should we be in a situation where there is absolutely no assistance. You did have a viable program where the only cost to the taxpayer was the difference between the interest that you had to pay on the open market and the actual interest being charged to Uncle Sam, and the long term obligations. That is what the subsidy was, was it not?

Mr. **Herrell.** Yes.

Senator **Stevens.** How much are the interest grants?

Mr. **Herrell.** It runs in the neighborhood of $32 million.

Senator **Stevens.** To whom do they go?

Mr. **Herrell.** Those annual interest grants go to the institutions borrowed on the open market under the program. We are picking up the difference between the 3 percent the school pays and the interest the school had to pay to borrow on the open market.

Senator **Stevens.** You would not do that for any new institutions?

Mr. **Herrell.** Not in fiscal year 1974. It is not the intent of the administration to request any new money for annual interest grants. I cannot speak for any period after 1974.

IMPACT OF ANNUAL INTEREST GRANT PROGRAM

Senator **Stevens.** Could you give the committee some estimate of the construction rate of these facilities over the past years under this interest subsidy program and what the projected rate of the new facilities for the colleges and universities would be without it? Is that possible?

Mr. **Herrell.** We will do the best we can.

Senator **Stevens.** Thank you very much.

[The information follows:]

IMPACT OF THE ANNUAL INTEREST GRANT PROGRAM
(TITLE VII-C, HIGHER EDUCATION ACT)

The Annual Interest Grant Program was authorized October 16, 1968 (P.L. 90-575) to assist colleges and universities to reduce the cost of borrowing from private sources for the construction of academic facilities. Under this program, the Federal government pays the annual interest cost reflecting that part of interest rates in excess of three percent with the institution repaying the principal and the three percent interest cost.

The program was first funded in F.Y. 1970; through F.Y. 1973, the program has provided the following:

F.Y.	ANNUAL INTEREST GRANT	LOAN AMOUNT SUBSIDIZED	ASSIGNABLE SQUARE FEET OF ACADEMIC SPACE PROVIDED
1970	$ 3,793,000	$119,482,000	2,399,000
1971	14,504,000	600,000,000	12,047,000
1972	9,741,000	515,089,000	10,342,000
1973	4,500,000[1]	200,000,000	4,016,000

Inasmuch as there is a range of from a few months to three years between actual funding and completion of facilities, it is not possible to specify when this added space becomes available for use. It is estimated, however, that the following will be close approximations of actual availability of the facilities.

FALL	TOTAL SPACE ADDED[2]	SPACE ADDED UNDER SUBSIDY PROGRAM
1969	39,825,000	-
1970	30,780,000	-
1971	27,647,000	(500,000)
1972	28,000,000[3]	(2,000,000)
1973	27,000,000[3]	(4,000,000)
1974	25,000,000[3]	(7,000,000)
1975	25,000,000[3]	(7,000,000)
1976	20,000,000[3]	(7,000,000)

It is anticipated that space added for several years beyond the fall of 1976 will be at a considerably reduced rate inasmuch as enrollment is expected to level off and the basic academic facility needs will have been met. There is, consequently, no need for additional funding under the Annual Interest Grant Program at this time.

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[1] Estimated

[2] Classroom, laboratory, office, and study space only

[3] Estimated based on Federal obligations through FY 1973 and current State spending levels.

BASIC OPPORTUNITY GRANT

Senator COTTON. Mr. Muirhead, is it the fact that the present budget—the present ambition, if you want to call it—of the administration and the Department is to go one step at a time, and the big step they want to take now is the basic opportunity grant, to take care of the full grant so people are not left out of the American desire for education? That is the big target for this particular time. Is that a fair statement?

Mr. MUIRHEAD. That is a very fair statement. As you point out, our overriding priority in the budget is providing equal education opportunity through the basic opportunity grant program.

Senator COTTON. It may be necessary in the future to provide the buildings and equipment for these colleges for these young people to attend, but first we get them started, then we move on to these other things. In addition to that, bearing in mind there is still a large amount of income going into higher institutions through research grants from the institutions, the NIH, and many other bureaus and branches of Government.

Mr. MUIRHEAD. Correct. I would doubt that institutions of higher education would agree that any significant or very large amount is going to institutional aid.

Senator COTTON. I know that they complain terribly if any is reduced.

STUDENT ASSISTANCE, PRIORITY POLICY

Mr. MUIRHEAD. But the policy of the Federal Government—you are quite correct in stating it—that our priority at this time is in providing student assistance.

Senator COTTON. And the policy now is to put a lid on construction?

Mr. MUIRHEAD. The policy is precisely that.

Senator COTTON. Thank you.

Mr. Stevens?

Senator STEVENS. Mr. Chairman, this bothers me considerably. I would like to see some of these statistics that justify the conclusion that there is no need for it. You are going to pay it one way or the other. You are either going to pay it through increased tuition costs, or you are going to pay it in terms of interest subsidies.

Mr. MUIRHEAD. Senator, maybe you misunderstood what I said. I did not say that there was no need for it. I did say that the overriding need is that of providing student assistance, and that is the overriding priority.

As you will recall, during the 1960's the priority was on providing facilities through the Higher Education Facilities Act. The Federal policy at the moment is to say that there are more pressing priorities, that is, to open up educational opportunities for young people, and to provide them with assistance.

It is not a matter of saying that there is no need for the other, but the resources that are available to us can be more appropriately directed toward the priority of equal educational opportunity.

Senator COTTON. There will be need for the other, but the one reason that it can be—or that the administration feels that it can be justifiably delayed is that, in some measure in the development of these community colleges—is that right?

Mr. MUIRHEAD. Yes. That is quite right. I am sure I would not want to leave the impression with you that the priority for student assistance will remain the single overriding priority in subsequent years. But as of this time, that is the overriding priority.

Senator STEVENS. Mr. Chairman, Senator Magnuson has made a comment about libraries that we have the right to read program, but no place to read.

I would make the comment that the basic opportunity program allows every student to go to college, community colleges in particular, but students may not have any colleges to go to, unless you have a facilities assistance program. It is the same thing.

I just do not understand a policy decision that cuts off entirely a program that was a very viable one, as far as I know. The demand for these community colleges is increasing; we are increasing the demand for facilities at the State universities, but at the same time you are asking to shut off any assistance for facility construction. I do not know how you can put the two together.

Mr. MUIRHEAD. It seems to me that we have to look at the whole package in terms of support of higher education. I am merely being responsive as to what the Federal interest is. The support of higher education requires support from all sources—State, local, and private.

At this time, we are saying to you that the Federal policy is to put its major priority on student assistance. If, as you point out—and you are quite right—that there will be need for additional facilities in many, many States, but that can be, at this juncture, the responsibility of the States.

ANTICIPATED ENROLLMENT INCREASE

Senator STEVENS. Let me ask this: If the basic opportunity grant program works, how much would you anticipate that we would increase enrollments in colleges and universities?

Mr. MUIRHEAD. We would expect that the increase—and I am speaking not at just the college and universities, now, but at all the postsecondary institutions for which they are eligible—we would expect that there would be, probably, a good 500,000 students in postsecondary institutions that would not have been there before the basic opportunity grant program.

Senator STEVENS. Oh, what percentage is that, roughly?

Mr. MUIRHEAD. Roughly, we look at the enrollment figures for all postsecondary institutions. We are talking about a figure at about 11 million. We have our No. 1 statistician right here. That would represent about 5 percent.

Senator STEVENS. I would respectfully say that that means we would have at least 5 percent of the students studying in open lots, because facilities would not be able to accommodate that 5 percent increase.

ACADEMIC SPACE NEEDS OF HIGHER EDUCATION

Mr. MUIRHEAD. What we need to provide, Senator Stevens— and we will, as a result of your request—is the studies that we have done as to what the need for these facilities is and where there are facilities that are not being fully utilized.

Senator STEVENS. I will appreciate that.

[The information follows:]

ACADEMIC SPACE NEEDS OF HIGHER EDUCATION
(AN INTERIM ASSESSMENT)

BACKGROUND

Space requirements for higher education[1] traditionally are a function of enrollments and current inventories of space. Commonly accepted space need methodology in the past has utilized enrollment projections (usually full-time equivalent enrollments) times a space planning or utilization factor, subtracting from that product the current inventory. However, realistic projections must now consider such influences on space needs as the role of higher education in public service, the development of external degree programs, University without Walls, the growth of non-traditional study, and the use of community and industry based resources for learning purposes. (Less Time, More Options, a Special Report and Recommendations by the Carnegie Commission on Higher Education, dated January 1971, suggested a number of innovative and technical changes which, if adopted, would reduce higher education construction costs in the 1970's by a total of $5 billion.) These inputs plus some disquietude over existing space planning factors prompted the Office of Education to contract for an in-depth study of space analysis methodology; a report is expected late in FY 1974.

Of major consequence is the anticipated higher education enrollment through the next several years. Most analysts believe that enrollment will level off during the late 1970's while some feel such a leveling is almost upon us. The latter cite the increase of enrollment (FTE) of 8.3 percent from 1969 to 1970 and 6.2 percent from 1970 to 1971, but only 2 percent from 1971 to 1972. Such a leveling off - with no significant increase for another decade - raises serious questions with respect to adding new space.

Perhaps the most pressing need for space through the next ten years is that reflected by unsatisfactory physical condition of existing buildings. It is estimated that 4.8 percent of all existing higher education space requires replacement and an additional 9.3 percent needs major remodeling.

AVAILABLE SPACE

For all institutions of higher education, the amount of available assignable (net) space for all institutional purposes per FTE student peaked in 1969, dropped by almost 5 percent in 1970, but is projected to increase in 1973. Much the same pattern is found for non-residential space (i.e., total space less residential space) except that a new high is estimated for 1973. With respect to that part of non-residential space classified as classroom, laboratory, office, and study, an appreciable increase from 1968 to 1969 was followed by a leveling-off period but with a significant rise projected for 1973. These data are provided in Table I.

It is estimated that space to be added in the 1973-1974 year (already funded through State and local appropriations, Federal aid such as Title VII, HEA, and private sources), will exceed the increase which took place during the period 1971-1973. However, as previously mentioned, some 14 percent of the existing space is expected to be of unsatisfactory physical condition.

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[1] This paper refers only to those public and private non-profit institutions (about 2600) eligible for assistance under Title VII, Higher Education Act of 1965.

ACADEMIC SPACE NEEDS

Table II provides an analysis of that higher education space which is eligible for support as academic facilities under Title VII, HEA.[2] In general, private colleges do not need additional space while private universities need mostly replacement space, and all public institutions need additional as well as replacement space. This is not to say that some private institutions do not need space. **Among both private and public** institutions, some have excess space and others need additional space. However, the need for additional space is obviously not the National priority that it was ten years ago.

Table III depicts the data of Table II in terms of total square feet and estimated costs. In summary, as of the fall of 1971, the academic facility requirements were:

	(Millions of Dollars)
New and Replacement	$4,112.9
Remodeling	1,185.0
Total	$5,297.9

In projecting future needs, if enrollment continues to increase at the two percent rate through the fall of 1976, there would be a ten percent increase in enrollment by that year over 1971. Even with increasing construction costs a liberal costing of academic space to accommodate such an enrollment increase would be $3.5 billion. Adding this to the needs as of 1971, a total of $8.8 billion is required by 1976.

Although $9.8 billion is a large amount, it must be viewed in terms that of this need some $4 billion in academic facilities is already under construction and that annual State expenditures for all types of higher education facilities is estimated at $1 to $1.5 billion. Consequently, if technological changes and utilization improvements do not materially reduce the demand, of the $8.8 billion estimated to be needed by the fall of 1976, probably at least $5 billion is already committed with the balance available at current State expenditure levels.

CONCLUSION

In conclusion it would appear that for colleges and universities on the whole, there is not a significant need for new academic facilities, even though some institutions need additional space while others have excess space. However, given the information available at the moment, there does not appear to be justification for Federal support in FY 1974.

It is proposed, therefore, that a further assessment be made following the completion of the study previously mentioned and the availability of 1972 inventory and 1973 enrollment data. This further assessment would also examine more specifically the needs for remodeling, conversion of space, and preventive maintenance.

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[2] Academic space consists of classroom, laboratory, office, and study space plus some sub-categories under special, general, and supporting space.

TABLE I

ANALYSIS OF AVAILABLE ASSIGNABLE SPACE

FALL	FTE ENROLL. 1/	TOTAL SPACE 1/	SQ.FT./ FTE	NON-RESIDENTIAL SPACE 1/2/	SQ.FT./ FTE	CLASSROOM LABORATORY OFFICE & STUDY SPACE 1/ 2/	SQ.FT./ FTE
1973 3/	7,500	1,300,000	173	900,000	120	560,000	75
1971	7,215	1,217,165	169	822,183	114	504,704	70
1970	6,793	1,171,041	172	781,089	115	477,057	70
1969	6,272	1,131,515	180	746,905	119	446,277	71
1968	6,024	1,026,952	171	695,966	116	406,452	67

---

1. In thousands.

2. Excludes unassigned space.

3. Estimated as follows:

   (a) Enrollment (full-time equivalent) — Assumes that the two percent increase in total enrollment from 1971 to 1972 will be replaces from 1972 to 1973.

   (b) Space -- Reflects only one half of funded but uncompleted academic facilities under Title VII, H.E.A., as of May 1, 1973.

NOTE: "Total space" reflects space available to institutions for all purposes; "Non-residential space" is total space less residential; and "Classroom, laboratory, office, and study space" is non-residential space less that space categorised as special-use, general-use, supporting, and medical-care.

TABLE II

SQUARE FEET OF ASSIGNABLE ACADEMIC SPACE

PER FTE AS OF FALL 1971

CONTROL AND LEVEL	AVAILABLE SPACE TOTAL	SATISFACTORY 1/	NEEDED SPACE	SHORTAGE	MAJOR REMODELING 3/
PUBLIC					
Universities	124	118	132	- 14	14
4-Year Colleges	88	81	93	- 12	8
2-Year Colleges	60	57	70	- 13	3
PRIVATE					
Universities	148	143	150	- 7	11
4-Year Colleges	148	143	103	(40) 2/	13
2-Year Colleges	125	120	75	(45) 2/	11
TOTAL	107	102	107	5	-

1/ Excludes only that space requiring replacement

2/ Parenthetical figures are in excess of minimum needs

3/ Space requiring major remodeling has not been deducted from the "Satisfactory space" column and, conseqently, is in addition to the figures shown in the "Shortage" column.

TABLE III

ACADEMIC SPACE NEEDS
(As of Fall 1971)

CONTROL AND LEVEL	ADDED AND REPLACEMENT SPACE NEEDED (000's square feet)	ESTIMATED COST (millions)	SPACE TO BE REMODELED (000's square feet)	ESTIMATED COST (millions)
PUBLIC				
Universities	28,448	$1,574.3	28,448	$ 629.8
4-Year Colleges	20,868	1,154.8	13,912	308.0
2-Year Colleges	20,982	1,161.1	4,842	107.2
PRIVATE				
Universities	4,025	222.7	6,325	140.0
4-Year Colleges	0	0	-	1/
2-Year Colleges	0	0	-	1/
TOTAL	74,323	$4,112.9	53,527	$1,185.0

1/ Even though total satisfactory space exceeds minimum needs, some remodeling is required.

CONCLUDING REWARDS

Senator COTTON. I am not disposed to argue with my very distinguished colleague here. I do have great respect for him, and he is very sound in what he says. But the first thing that you have is the students. The second thing that you have is somebody to teach them. The third thing you have is textbooks and a certain amount of laboratory equipment.

I gave a commencement address this week to a college that started out less than 9 years ago. It started in a huge carriage shed. In the old days, it was called a livery stable. Then it was a huge garage, and then large buildings. They now have a campus, by the dint of their own efforts. They have at least one good size dormitory and administration building and classrooms, and they have almost 1,000 students. And they are progressing.

What we visualize, as I understand it, you at the Department, and as the administration visualizes that this must come, but the first priority is to give a chance to these boys that cannot wait, because if you wait too long, they will not be boys any more and they would be too old. They will be meeting life without a proper, or even the fundamental, mental equipment. That is true in many groups. That is the reason for this priority. Right?

Mr. MUIRHEAD. Thank you, Mr. Chairman. I think that was a very good statement of our priority.

Senator COTTON. Thank you very much.

JUSTIFICATION

The justification for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Higher Education Facilities Loan and Insurance Fund

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$ 4,548,000[1]	$ 4,497,000[1]
Receipts and reimbursements from:		
"Federal funds"		
Investment income from participation sales funds	339,000	512,000
"Non-Federal sources"		
Interest income	15,027,000	15,060,000
Loans repaid	8,000,000	8,600,000
Recovery of prior year obligations	500,000	500,000
Unobligated balance transferred from participation sales funds	2,180,000	---
Unobligated balance transferred to participation sales funds	-5,220,000	-5,959,000
Unobligated balance, beginning of year	126,633,487	110,956,487
Unobligated balance, end of year	-110,956,487	-102,926,487
Redemption of agency debt (retirement of participation certificates)	-2,180,000	---
Total, obligations	38,871,000	31,240,000

Obligations by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Operating expenses:			
(a) Interest expense:			
(1) Interest expense on Participation Certificates	$ 10,698,000	$ 10,476,000	$ -222,000
(2) Interest expense to Treasury	18,156,000	18,800,000	+644,000
(3) Administrative expenses	4,000	4,000	---
(4) Facilities management expenses	13,000	15,000	+2,000
Construction loans	10,000,000	1,945,000	-8,055,000
Total obligations	38,871,000	31,240,000	-7,631,000

---

[1] These sums include indefinite permanent appropriations in the following amounts under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967: 1973 - $1,627,000, and 1974 - $1,549,000. Definite annual appropriations are needed to fund the balances: $2,921,000 in 1973, and $2,948,000 in 1974.

Budget Authority by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Operating costs:			
(a) Interest expense on Participation Cerfiticates (total Budget Authority by Activity)................	$ 4,548,000[1]	$ 4,497,000[1]	$ -51,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Rent, communications, and utilities.....	$ 13,000	$ 15,000	$ +2,000
Other services..........................	4,000	4,000	---
Investment and loans...................	10,000,000	1,945,000	-8,055,000
Interest and dividends..................	28,854,000	29,276,000	+422,000
Total obligations by object...........	38,871,000	31,240,000	-7,631,000

Summary of Changes

1973 Estimated obligations..	$38,871,000
1974 Estimated obligations..	31,240,000
Net change..	-7,631,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Interest expenses to Treasury..........	$18,156,000	$ +644,000
2. Facilities management expenses.........	13,000	+2,000
Total, increases..................	---	+646,000
Decreases:		
A. Built-in:		
1. Interest expenses on participation certificates............................	10,698,000	-222,000
B. Program:		
1. Construction loans.....................	10,000,000	-8,055,000
Total, decreases..................	---	-8,277,000
Total, net change................................	---	-7,631,000

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[1] These sums include indefinite permanent appropriations in the following amounts under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967: 1973 - $1,627,000, and 1974 - $1,549,000. Definite annual appropriations are needed to fund the balances: $2,921,000 in 1973, and $2,948,000 in 1974.

Summary of Changes

1973 Budget authority	$ 4,548,000
1974 Budget authority	4,497,000
Net change	-51,000

	Base	Change from Base
Decreases:		
A. Built-in:		
1. Interest expense on participation certificates	$ 4,548,000	$ -51,000
Total, net change	---	-51,000

Explanation of Changes

Increases:

A. Built-in:

1. Interest expense to Treasury.--An increase of $644,000 will result in total expenses of $18,800,000 for 1974 compared to $18,156,000 in 1973. Interest expense is based on certifications by the Treasury at the end of each fiscal year and is computed on the cumulative amount of appropriations paid out of loans under this title or available as capital to the fund less the average undisbursed cash balance in the fund during the year.

2. Facilities management expenses.--An increase of $2,000 will bring the total to $15,000 in 1974 compared to $13,000 in 1973. This expense is paid for the maintenance and upkeep of foreclosed academic facilities.

Decreases:

A. Built-in:

1. Payment of participation sales insufficiencies.--A decrease in obligations of $222,000 will result in total obligations of $10,476,000. This amount would be obtained from investment income from the Participation Sales Trust Fund totaling $512,000, interest collections totaling $5,467,000, and appropriated funds totaling $4,497,000. On an appropriation basis, the requested $4,497,000 represents a decrease of $51,000 below the 1973 level of $4,548,000. This decrease is caused primarily by an increase in investment income.

B. Program:

1. Construction loans.--A decrease of $8,055,000 is included in the 1974 lending level. This decrease will support 4 new projects totaling $1,945,000 in 1974 compared to 17 projects totaling $10,000,000 in 1973. Funds are made available from withdrawals of prior year commitments.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Higher Education Act of 1965, as amended:		
Title VII, Part C - Loans for Construction of Academic Facilities	$150,000,000	$ ---
Participation Sales Act	Indefinite	4,497,000

HIGHER EDUCATION ACT OF 1965

P.L. 92-318

PART C—LOANS FOR CONSTRUCTION OF ACADEMIC FACILITIES

AUTHORIZATION

SEC. 741. (a)(1) The Commissioner shall carry out a program of making and insuring loans, in accordance with the provisions of this part.

(2) The Commissioner is authorized to make loans to institutions of higher education and to higher education building agencies for the construction of academic facilities and to insure loans.

(b) For the purpose of making payments into the fund established under section 744, there are hereby authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1972, $100,000,000 for the fiscal year ending June 30, 1973, $150,000,000 for the fiscal year ending June 30, 1974, and $200,000,000 for the fiscal year ending June 30, 1975. Sums appropriated pursuant to this subsection for any fiscal year shall be available without fiscal year limitations.

(20 U.S.C. 1132e) Enacted June 23, 1972, P.L. 92-318, sec. 161, 86 Stat. 295.

ELIGIBILITY CONDITIONS, AMOUNTS, AND TERMS OF LOANS

SEC. 742. (a) No loan pursuant to this part shall be made unless the Commissioner finds (1) that not less than 20 per centum of the development cost of the facility will be financed from non-Federal sources, (2) that the applicant is unable to secure the amount of such loan from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this part, (3) that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (4) that, in the case of a project to construct an infirmary or other facility designed to provide primarily for outpatient care of students and institutional personnel, no financial assistance will be provided such project under title IV of the Housing Act of 1950.

(b) A loan pursuant to this part shall be secured in such manner and shall be repaid within such period not exceeding fifty years, as may be determined by the Commissioner; and it shall bear interest at (1) a rate determined by the Commissioner which shall not be less than a per annum rate that is one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 per centum, or (2) the rate of 3 per centum per annum, whichever is the lesser.

GENERAL PROVISION FOR LOAN PROGRAM

SEC. 743. (a) Financial transactions of the Commissioner under this part, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government and shall not be reviewable by any court.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the Commissioner may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Commissioner shall survive notwithstanding any change in the person occupying the office of the Commissioner or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 517 and 2679 of title 28, United States Code;

(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan pursuant to this part; and, in the event of any such acquisition (and notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States), complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property; except that (1) such action shall not preclude any other action by him to recover any deficiency in the amounts loaned and (2) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(4) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as he may fix;

(5) subject to the specific limitations in this part, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which he is a party or which has been transferred to him pursuant to this section; and

(6) include in any contract or instrument made pursuant to this part such other covenants, conditions, or provisions (including provisions designed to assure against use of the facility, constructed with the aid of a loan under this part, for purposes described in section 782(1)), as he may deem necessary to assure that the purpose of this part will be achieved.

REVOLVING LOAN FUND AND INSURANCE FUND[1]

SEC. 744. (a) There is hereby created within the Treasury a separate fund for higher education academic facilities loans and loan insurance (hereafter in this section called the "fund") which shall be available to the Commissioner without fiscal year limitation as a revolving fund for the purposes of making loans and insuring loans under this part. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriation acts.

(b)(1) The Commissioner shall transfer to the fund available appropriations provided under section 741(b) to provide capital for the fund. All amounts received by the Commissioner as interest payments or repayments of principal on loans, and any other moneys, property, or assets derived by him from his operations in connection with this part, including any moneys derived directly or indirectly from the sale of assets, or beneficial interests or participations in assets of the fund, shall be deposited in the fund.

(2) All loans, expenses, and payments pursuant to operations of the Commissioner under this part shall be paid from the fund, including (but not limited to) expenses and payments of the Commissioner in connection with sale, under section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this part. From time to time, and at least at the close of each fiscal year, the Commissioner shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amount of appropriations paid out for loans under this part or available as capital to the fund, less the average undisbursed cash balance in the fund during the year. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the average market yield during the month preceding each fiscal year on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. If at any time the Commissioner determines that moneys in the fund exceed the present and any reasonably prospective future requirements of the fund, such excess may be transferred to the general fund of the Treasury.

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[1] Sec. 161(b)(4) of P.L. 92–318 provides as follows:

(4) The revolving fund created by section 744 of the Higher Education Act of 1965 shall be deemed to be a continuation of the revolving fund created by section 305 of the Higher Education Facilities Act of 1963. Any sums in the fund for higher educa- tion academic facilities created by such section 305 on the date of enactment of this Act shall be transferred to the fund created by section 744 of the Higher Education Act of 1965, and all such funds shall be deemed to have been made available for such fund. Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this sentence, any sums appropriated pursuant to section 303(c) of the Higher Education Facilities Act of 1963 for any fiscal year ending prior to July 1, 1973, which have not been loaned under title III of that Act of 1963 shall be deemed to have been appropriated pursuant to section 741(b) of the Higher Educa- tion Act of 1965 for the fiscal year ending June 30, 1973.

ACADEMIC FACILITIES LOAN INSURANCE

SEC. 746. (a)(1) In order to assist nonprofit private institutions of higher education and nonprofit private higher education building agencies to procure loans for the construction of academic facilities, the Commissioner may insure the payment of interest and principal on such loans if such institutions and agencies meet, with respect to such loans, criteria prescribed by or under section 745 for the making of annual interest grants under such section.

(2) No loan insurance under paragraph (1) may apply to so much of the principal amount of any loan as exceeds 90 per centum of the development cost of the academic facility with respect to which such loan was made.

(b)(1) The United States shall be entitled to recover from any institution or agency to which loan insurance has been issued under this section the amount of any payment made pursuant to that insurance, unless the Commissioner for good cause waives its right of recovery. Upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payment with respect to which the payment was made.

(2) Any insurance issued by the Commissioner pursuant to subsection (a) shall be incontestable in the hands of the institution or agency on whose behalf such insurance is issued, and as to any agency, organization, or individual who makes or contracts to make a loan to such institution or agency, in reliance thereon, except for fraud or misrepresentation on the part of such institution or agency or on the part of the agency, organization, or individual who makes or contracts to make such loan.

(c) Insurance may be issued by the Commissioner under subsection (a) only if he determines that the terms, conditions, maturity, security (if any), and schedule and amounts of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable and in accord with regulations, including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Commissioner determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States. The Commissioner may charge a premium for such insurance in an amount reasonably determined by him to be necessary to cover administrative expenses and probable losses under subsections (a) and (b). Such insurance shall be subject to such further terms and conditions as the Commissioner determines to be necessary.

PARTICIPATION SALES ACT OF 1966

P.L. 89-429

***Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Participation Sales Act of 1966".**

SEC. 2. (a) Section 302(c) of the Federal National Mortgage Association Charter Act is amended—

(1) by inserting "(1)" immediately following "(c)";

(2) by inserting after "undertakings and activities" a comma and "hereinafter in this subsection called 'trusts',";

(3) by striking "obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency's constituent units or agencies or the heads thereof, or any first mortgages in which the United States or any agency or instrumentality thereof" in the first sentence thereof and inserting "mortgages or other types of obligations in which any department or agency of the United States listed in paragraph (2) of this subsection";

(4) by striking out the third sentence thereof and substituting therefor the following: "Participations or other instruments issued by the Association pursuant to this subsection shall to the same extent as securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission."; and

(5) by striking out the fourth sentence thereof.

(b) Section 302(c) of such Act is further amended by adding the following:

"(2) Subject to the limitations provided in paragraph (4) of this subsection, one or more trusts may be established as provided in this subsection by each of the following departments or agencies:

"(A) The Farmers Home Administration of the Department of Agriculture, but only with respect to operating loans, direct farm ownership loans, direct housing loans, and direct soil and water loans. Such trusts may not be established with respect to loans for housing for the elderly under sections 502 and 515(a) of the Housing Act of 1949, nor with respect to loans for nonfarm recreational development.

"(B) The Office of Education of the Department of Health, Education, and Welfare, but only with respect to loans for construction of academic facilities.

"(C) The Department of Housing and Urban Development, except that such authority may not be used with respect to secondary market operations of the Federal National Mortgage Association.

"(D) The Veterans' Administration.

"(E) The Export-Import Bank.

"(F) The Small Business Administration.

The head of each such department or agency, hereinafter in this subsection called the 'trustor', is authorized to set aside a part or all of any obligations held by him and subject them to a trust or trusts and, incident thereto, shall guarantee to the trustee timely payment thereof. The trust instrument may provide for the issuance and sale of beneficial interests or participations, by the trustee, in such obligations or in the right to receive interest and principal collections therefrom;

and may provide for the substitution or withdrawal of such obligations, or for the substitution of cash for obligations. The trust or trusts shall be exempt from all taxation. The trust instrument may also contain other appropriate provisions in keeping with the purposes of this subsection. The Association shall be named and shall act as trustee of any such trusts and, for the purposes thereof, the title to such obligations shall be deemed to have passed to the Association in trust. The trust instrument shall provide that custody, control, and administration of the obligations shall remain in the trustor subjecting the obligations to the trust, subject to transfer to the trustee in event of default or probable default, as determined by the trustee, in the payment of principal and interest of the beneficial interests or participations. Collections from obligations subject to the trust shall be dealt with as provided in the instrument creating the trust. The trust instrument shall provide that the trustee will promptly pay to the trustor the full net proceeds of any sale of beneficial interests or participations to the extent they are based upon such obligations or collections. Such proceeds shall be dealt with as otherwise provided by law for sales or repayment of such obligations. The effect of both past and future sales of any issue of beneficial interests or participations shall be the same, to the extent of the principal of such issue, as the direct sale with recourse of the obligations subject to the trust. Any trustor creating a trust or trusts hereunder is authorized to purchase, through the facilities of the trustee, outstanding beneficial interests or participations to the extent of the amount of his responsibility to the trustee on beneficial interests or participations outstanding, and to pay his proper share of the costs and expenses incurred by the Federal National Mortgage Association as trustee pursuant to the trust instrument.

"(3) When any trustor guarantees to the trustee the timely payment of obligations he subjects to a trust pursuant to this subsection, and it becomes necessary for such trustor to meet his responsibilities under such guaranty, he is authorized to fulfill such guaranty.

"(4) Beneficial interests or participations shall not be issued for the account of any trustor in an aggregate principal amount greater than is authorized with respect to such trustor in an appropriation Act. Any such authorization shall remain available only for the fiscal year for which it is granted and for the succeeding fiscal year.

"(5) The Association, as trustee, is authorized to issue and sell beneficial interests or participations under this subsection, notwithstanding that there may be an insufficiency in aggregate receipts from obligations subject to the related trust to provide for the payment by the trustee (on a timely basis out of current receipts or otherwise) of all interest or principal on such interests or participations (after provision for all costs and expenses incurred by the trustee, fairly prorated among trustors). There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable any trustor to pay the trustee such insufficiency as the trustee may require on account of outstanding beneficial interests or participations authorized to be issued pursuant to paragraph (4) of this subsection. Such trustor shall make timely payments to the trustee from such appropriations, subject to and in accord with the trust instrument."

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1965 NOA	$169,250,000	$169,250,000	$169,250,000	$169,250,000
1966 NOA	119,050,000	119,050,000	110,000,000	110,000,000
1967 NOA	200,000,000	200,000,000	200,000,000	200,000,000
Sales	100,000,000	100,000,000	100,000,000	100,000,000
1968 NOA 1/	925,000	925,000	---	925,000
Sales	100,000,000	100,000,000	---	100,000,000
1969 NOA 1/	103,275,000	103,275,000	103,275,000	103,275,000
Sales	---	---	---	---
1970 NOA 1/	2,918,000	2,918,000	2,918,000	2,918,000
1971 NOA 1/	2,952,000	2,952,000	2,952,000	2,952,000
1972 NOA 1/	2,961,000	2,961,000	2,961,000	2,961,000
1973 1/	2,921,000			
1974 1/	2,948,000			

1/ Excludes a permanent indefinite appropriation under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967.

NOTE: The amounts for 1965, 1966, and 1967 include the construction loan program which was previously carried under "Higher Education Facilities Construction."

	1973 Estimate	1974 Estimate	Increase or Decrease
Adjusted Appropriation:			
Operating costs:			
Interest expense on participation certificates	$ 4,548,000 1/	$ 4,497,000	$ -51,000
Total adjusted appropriation	4,548,000	4,497,000	-51,000
Obligations:			
Operating costs:			
1. Interest expense to Treasury	18,156,000	18,800,000	+644,000
2. Interest expense on participation certificates	10,698,000	10,476,000	-222,000
3. Administrative expenses	4,000	4,000	---
4. Academic facilities management expenses	13,000	15,000	+2,000
Capital outlay:			
1. Construction loans	10,000,000	1,945,000	-8,055,000
Total obligations	38,871,000	31,240,000	-7,631,000

1/ These sums include indefinite permanent appropriations in the following amounts under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967: 1973 - $1,627,000, and 1974 - $1,549,000. Definite annual appropriations are needed to fund the balances: $2,921,000 in 1973, and $2,948,000 in 1974.

Justification

Higher Education Facilities Loan Fund

General Statement

Construction Loans:

Title VII of the Higher education Act of 1965, as amended, authorizes loans for construction of academic facilities in higher education institutions. Such loans may be made for up to 80 percent of a project's total development cost and must be repaid within 50 years. The Participation Sales Act, Public Law 89-429, approved on May 24, 1966, established a revolving fund for these loans, and provides that appropriations made available for Title VII may be deposited into the fund. Participations in pools of such loans are sold by the Federal National Mortgage Association, the proceeds of which are deposited into the Fund to be used for new loans to colleges and universities.

Loans under this program have been displaced by the new annual interest grant program under the higher education appropriation. However, new loans may be made from the fund to the extent that such amounts are made available from withdrawals of earlier commitments. These amounts are used to fund those small institutions of higher education which are unable to obtain private loans necessary to participate in the annual interest grant program.

It is anticipated that withdrawals of earlier commitments will support 17 new projects totaling $10,000,000 in 1973, and 4 new projects totaling $1,945,000 in 1974.

Operating Costs:

The Participation Sales Act specifically authorizes the sale of participations in pools of loans in cases where the total receipts from the loans in the pool, after covering the costs of servicing the loans and administering the participation pool, may be insufficient to provide for timely payment of interest and principal on the participation. Appropriations to pay such insufficiencies are authorized.

In cases where the aggregate receipts may be insufficient to cover the payments as they become due, participations are salable on favorable terms only if buyers are assured that funds will be supplied to cover the insufficiency. The actual amount of the insufficiency is determined primarily by the difference between the interest rate required to sell the participations to the private credit market, and the interest rates paid by higher education institutions on their loans; and this cannot be estimated in advance of the sale. Therefore, Section 302(c)(5) of the Federal National Mortgage Association Charter Act as amended by the Participation Sales Act authorizes an indefinite appropriation of such sums as may be necessary and without fiscal year limitation to assure the successful sale of participations. Although the authorization is indefinite, it is effectively limited, since it can be used only in connection with participation sales in amounts specified by the accompanying authorization for sales. It is also permanent because it authorizes amounts necessary for meeting insufficiencies in any fiscal year in which participation sales provided for in accompanying authorizations are still outstanding.

In fiscal year 1967, a permanent indefinite appropriation was included under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act. This appropriation is limited to insufficiency payments for the $100,000,000 in participations which were sold in fiscal year 1967. Funds used against this appropriation on a full year basis, consisted of $1,731,000 in 1972 and $1,627,000 in 1973. It is anticipated that funds used in 1974 will decrease to $1,549,000. This decrease is primarily because of the retirement of participation certificates which will reduce the appropriation requirements for insufficiencies.

For the $100,000,000 in sales authorized in fiscal year 1968, annual definite appropriations of $2,961,000 for 1972 and $2,921,000 for 1973 were included in the Office of Education Appropriation Acts. These amounts are available for insufficiency payments in 1972 and 1973 only. Therefore, the budget request includes an estimate of $2,948,000 for 1974 payments against these sales authorized in 1968.

Total insufficiency payments in 1974 are estimated at $10,476,000. This amount will be derived from about $5,467,000 in interest collections on loans held by colleges and universities, $512,000 in investment income, and $4,497,000 from appropriations including $1,549,000 under the 1967 Appropriation Act. The decrease in appropriation requirements is primarily because of an increase in investment income.

For other operating costs, an amount of $18,800,000 is estimated for interest expense to the Treasury on loans paid out of appropriated funds or capital available from appropriated funds less the average undisbursed cash balance in the fund during the year. An additional $15,000 will be used to pay facilities management expenses on foreclosed academic facilities.

Program Purpose and Accomplishments

Activity: Operation costs including payment of participation sales insufficiencies and interest expense to the Treasury

	1974	
1973	Authorization	Budget Estimate
$ 4,548,000	Indefinite	$ 4,497,000

Purpose: To make loans to higher education institutions for construction of academic facilities. This function has now been replaced by the annual interest grant program under Higher Education. In its initial stage, the Fund sold participation certificates to the private credit market of which the proceeds were used to make new loans to higher education institutions. Since the interest received by the Commissioner on the loans is less than the interest paid by the Commissioner on the participation certificates, appropriations for insufficiencies are needed each year.

Explanation: Although loans under this program are now provided by the annual interest grant program, appropriations are made available for the operation of the Fund primarily for the payment of participation sales insifficiencies. Interest expense is payable to the Treasury on the net amount of appropriations used for construction loans.

Accomplishments in 1973: Appropriation for insufficiencies decreased from $4,692,000 in 1972 to $4,548,000 in 1973. Interest expenses to the Treasury increased from $17,895,000 in 1972 to $18,156,000 in 1973.

Objectives for 1974: Appropriation for insufficiencies are expected to decrease from $4,548,000 in 1973 to $4,497,000 in 1974. Estimated interest expense to the Treasury will increase to $18,800,000 in 1974, compared to $18,156,000 in 1973.

Educational Development

STATEMENT OF DR. WILLIAM L. SMITH, ACTING DEPUTY COMMISSIONER FOR DEVELOPMENT

ACCOMPANIED BY:

- DR. JOHN R. OTTINA, ACTING COMMISSIONER OF EDUCATION
- DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION AND MANAGEMENT
- DR. JOHN LINDIA, ACTING ASSOCIATE COMMISSIONER, NATIONAL CENTER FOR IMPROVING EDUCATIONAL SYSTEMS
- DR. ROBERT T. FILEP, ASSOCIATE COMMISSIONER, NATIONAL CENTER FOR EDUCATIONAL TECHNOLOGY
- LAWRENCE GRAYSON, ASSISTANT DIRECTOR, NATIONAL CENTER FOR EDUCATIONAL TECHNOLOGY
- DOROTHY M. GILFORD, ASSOCIATE COMMISSIONER, NATIONAL CENTER FOR EDUCATIONAL STATISTICS
- DR. RUDY CORDOVA, ACTING DEPUTY, TEACHER CORPS
- DR. RUTH L. HOLLOWAY, DIRECTOR, RIGHT TO READ
- DR. HELEN H. NOWLIS, DIRECTOR, DRUG ABUSE EDUCATION/NUTRITION AND HEALTH OFFICE
- WALTER BOGAN, DIRECTOR, OFFICE OF ENVIRONMENTAL EDUCATION
- GERALD ELBERS, ACTING PLANNING DIRECTOR, OFFICE OF DEPUTY COMMISSIONER FOR DEVELOPMENT
- EDWIN M. SULLIVAN, EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR DEVELOPMENT
- JOE G. KEEN, BUDGET OFFICER
- BARRY J. ZAMBRYCKI, BUDGET ANALYST
- CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

TEACHER TRAINING PROGRAMS

Senator COTTON. The subcommittee will now hear testimony from Dr. William Smith, Acting Deputy Commissioner for Development. He is going to testify on the many and varied programs of the educational development account.

The request is for $120,375,000 to continue in a number of teacher training programs.

Would you introduce your cast of characters, Dr. Smith, and then proceed with your statement?

Dr. SMITH. Yes, Mr. Chairman.

INTRODUCTION OF ASSOCIATES

To my right is Dorothy Gilford, who is the Associate Commissioner for the National Center for Educational Statistics. Next to her is Dr. Ruth Holloway, who is director of our right to read program. Next to her is Mr. Walter Bogan, Director of the Office of Environmental Education. Next is Dr. Helen Nowlis, Director of the Drug

Abuse Education/Nutrition and Health Office. Next to her is Dr. Rudy Cordova, the Acting Director of the Teacher Corps.

Behind us is Dr. John Lindia, Acting Associate Commissioner for the National Center for Improving Educational Systems, and Dr. Lawrence Grayson, who is the Assistant Director for the National Center for Educational Technology.

PREPARED STATEMENT

I could do whatever would be satisfactory. I could read this statement, or I can submit it for the record and simply summarize, whichever you feel is the more expeditious, Mr. Chairman.

Senator **Stevens.** I do not know about the chairman. I would just as soon you put it in the record because I have a series of questions on this.

Dr. **Smith.** Then I will put this in the record as it stands.

Senator **Cotton.** Without objection.

[The statement follows:]

STATEMENT OF DR. WILLIAM SMITH

Mr. Chairman and members of the Committee:

I would like to report to you on the fiscal year 1974 budget request for the three major areas included in the Educational Development category: first, programs funded under the Education Professions Development Act; second, national priority programs; and third, programs directed at the improvement of educational data systems.

The budget request in all of these categorical program areas reflects the Administration's over-all emphasis on special revenue sharing, decentralization, and the sharing of power and authority among the different levels of government. The decision to support activities and tasks formerly included in the development category, particularly in the training area, will be left to the discretion of State and local officials under their special education revenue sharing funds. Also, increases in general student assistance under the Higher Education appropriations will continue to allow persons to train for specific shortage areas in the education professions, and will give existing educational personnel in surplus categories the option to retrain for careers in these shortage areas. A number of tasks, however, have been identified as ones that can most appropriately be pursued on the Federal level. I would like to speak briefly about each of these.

Under the Education Professions Development Act authority, we are asking for funds for four programs—the Teacher Corps, the Career Opportunities Program, the Urban/Rural program, and higher education personnel training programs at less than the doctoral level.

Teacher Corps

The Budget request for the Teacher Corps is 37.5 million dollars, the same as in fiscal years 1972 and 1973. This program supports improved methods of preparing teachers. In a Teacher Corps project, a team of bright, creative interns and experienced teachers work together in schools in low-income and disadvantaged areas. Teacher Corps has been successful in attracting the kind of intelligent, enthusiastic teacher who infuses new energy into the educational process in these schools, and in bringing experienced teachers into contact with new directions in education. The program encourages teacher preparation through team teaching, more individualized instruction, and an emphasis on increasing the classroom competencies of both experienced and new teachers. The result has been significant changes in the roles teachers play in the classroom. The Teacher Corps emphasizes the enhancement of the quality of classroom instruction through the improvement of teacher education. An increasing amount of funding is being directed at improving the skills of experienced teachers in the projects as they work in teams with the interns. With fiscal year 1974 money we will continue about 43 projects and begin about 45 new projects.

Career Opportunities Program

The request of 22.9 million dollars for the Career Opportunities Program will continue existing projects which are training more than 7,000 paraprofessionals for jobs in low-income schools. Most of these trainees come from low-income and disadvantaged backgrounds. Fifteen percent are Vietnam-era veterans. Many come from the communities where they train and where they will ultimately be employed. COP has entered these teacher aides on a career lattice which can eventually lead to full professional certification. The program demonstrates how community residents can help teachers and administrators improve education services by relating more effectively and sensitively to the needs of low income children. COP also demonstrates how new and more effective training and utilization of school personnel can deliver performance-based learning.

Urban/Rural Program

The Urban/Rural program also focuses on improving educational services to students from low-income families, but it differs from the

COP program by concentrating its resources on the entire staff of a single school or schools, either in rural or urban areas. Each site provides for the development of teacher training modules based on demonstrated knowledge and performance competencies, and materials designed to teach specific concepts of learning and teaching behavior. The request of 11 million dollars for fiscal year 1974 will provide for the continuation of the 41 existing operational projects and two developmental assistance projects. About 6,500 school staff and community members will participate. This will be the third operational year in a projected five-year program.

Higher Education Personnel

A total of 2.1 million dollars is requested for training programs for higher education personnel in areas of identified requirements. These programs are for training at less than the Ph.D. level and are concentrated in three areas of need: preparation of Spanish-speaking Americans, Blacks, and American Indians as administrators in two-year colleges; training of officers for student financial aid programs; and preparation of women for important decision-making positions in higher education. Ninety-two fellowships will be continued at a cost of $600,000 and 230 new fellowships will total $1.5 million. No funds are requested to support institutes and short-term training programs.

National Priority Programs

The second major area--national priority programs--includes educational technology activities, drug abuse education, Right to Read, and drop-out prevention.

Educational Broadcasting Facilities

An amount of $10 million is being requested for Educational Broadcasting Facilities. This program enables States and local communities to serve the educational, cultural and informational needs of their citizens through the purchase of broadcast facilities. The budget request will provide matching grants for activation of 12 new non-commercial radio stations, grants for improving or expanding the broadcast of 10 non-commercial radio stations, and grants to activate 10 television stations serving metropolitan areas of at least 250,000 and to improve and expand the broadcast-related facilities of 20 existing television stations. The program aims at helping complete a basic, minimum public broadcasting system for the nation. Present levels of appropriation will enable the Federal government to meet that objective by fiscal year 1976, when responsibility for support of educational television and radio facilities can be transferred to the States and localities.

Sesame Street and The Electric Company

For fiscal year 1974, $3,000,000 is requested to provide continued support to the Children's Television Workshop for development activities related to the production of Sesame Street and The Electric Company. The latter project, an instructional service designed to increase the reading ability of children aged 7 to 10 years, would receive about $2,000,000. The other $1,000,000 will go to support Sesame Street, which now reaches almost 12,000,000 pre-school children. It is designed to teach them basic reading and arithmetic skills and to expose them to experiences not normally part of their environment. Since new revenues are expected to become available to the Children's Television Workshop, Federal support is being reduced for both of these projects.

Drug Abuse Education

For Drug Abuse Education, we are requesting 3 million dollars under the authorization of Section 410, of the Drug Abuse Office and Treatment Act of 1972. This broad authority will absorb those activities authorized by the Drug Abuse Education Act of 1970, which is expiring at the end of this fiscal year. The current program is designed to train leadership in the communities so they can cope with their drug problems and to validate and disseminate information about successful programs and techniques.

The program thrust thus far has been to work with schools and the communities which support them in a problem-solving process which helps them develop effective preventive programs geared to special needs of their communities. The goal has been to generate models which can be validated and disseminated to other communities with similar demographic and socio-economic characteristics.

The fiscal year 1974 request will support a major effort to provide pre-service and in-service training for teachers. The reduction of 9.4 million dollars from the fiscal year 1973 estimate results from the assignment of community-oriented activities to the National Institute of Mental Health and the redirection of programs to concentrate on pilot demonstration projects, to validate model drug abuse prevention programs and to disseminate these programs to communities with similar drug problems.

Right to Read

The Right to Read Program is designed to assure functional literacy for 99 percent of the 16 year olds and 90 percent of people over 16 in this country. It attempts to do this through the funding of school- and community-based programs of effective and efficient reading programs, through the provision of technical assistance and training for administrators of these programs, and through validating effective reading programs and disseminating products. For fiscal year 1974, 12 million dollars is requested, the same amount as the previous year. The funds will be used to support 31 State Education Agency projects, which will utilize the Right to Read process and materials, to continue projects begun in fiscal years 1972 and 1973, and to initiate selected activities. An estimated 1 million students, 500,000 teachers and 200,000 adults will be helped through these efforts. Particular emphasis is being given to the coordination of reading activities in nine bureaus within the Office of Education and to the support of programs developed by State Education Agencies.

Dropout Prevention

For fiscal year 1974, 4 million dollars has been requested for the Dropout Prevention Program, which supports the development of demonstration models in selected public elementary and secondary schools where an excessive number of young people from poor families drop out of school. Plans call for support of nine dropout prevention projects into their fourth operational year. Since the program has met its objective of demonstrating ways to reduce school dropouts, no new projects will be supported.

Surveys and Statistical Studies

A budget of $14.9 million is requested for the support of Office of Education data gathering and analysis activities in the National Center for Educational Statistics. On-going surveys and statistical studies, requested at 7.4 million dollars, will provide current data in a readily useable form to serve Federal, State and local agencies in their planning, administration, and development of policy. Key data which are important to the educational community and the general public will be published in more than 50 regular public reports. The increase of $3,150,000 includes $1,470,000 for data collection and analysis activities in elementary and secondary program information surveys, formerly funded in other Office of Education appropriations. A comparable increase would be $1,680,000. In fiscal year 1974 the surveys will be redesigned to emphasize needed financial data elements, and to permit cross analysis. Other high priority activities include: matching and merging Census and OE data, which will for the first time give States relevant information for educational finance studies and decisions, and for State planning for special education revenue sharing; the first follow-up of the National Longitudinal Study of the High School Class of 1972; a first-time survey of noncollegiate postsecondary schools to support new information needs under the Education Amendments of 1972; and early availability to decision-makers of selected educational statistics—a service urgently requested by many users.

Common Core of Data

The Common Core of Data (CCD) is a major new initiative to replace the current uneven and largely inadequate provision of educational data in the 50 States, 6 outlying areas, and the District of Columbia with an integrated and interlocking system which will meet Federal, State, local and institutional needs for planning and management. In fiscal year 1974, half a million dollars is requested for planning CCD through contracts with State agencies and other organizations. The Federal Government will stimulate development of integrated information systems. The framework for State data collection, comparability among States, and analysis and reference service to be developed under CCD will contribute to State management of resources under special education revenue sharing.

National Achievement Study

The National Achievement Study request is 7 million dollars. Information is being collected and analyzed about the educational attainment of young Americans. Each year, through a grant to the Education Commission of the States, approximately 90,000 persons (ages 9, 13, 17 and young adults from 26 to 35) are assessed in two subject areas. The goal is to determine what Americans know, can do, and understand in each of ten fields, and to measure change in educational attainment over a 5-year period. This request represents an increase of 1 million dollars, to be used for new dissemination and reporting activities to make assessment results of practical use to States and school systems, and to develop the design, analysis and reporting formats for use in measuring change between the first and second science assessments.

Discontinued Programs

We are not requesting funds for certain general teacher education programs because of the general surplus of educational personnel at the elementary and secondary level; increasing reliance on the operation of supply and demand in the private sector to attract persons into teacher shortage areas; and increasing reliance on general student assistance as a means of allowing persons to enter their chosen professional field. We are also not requesting funds for Environmental Education and Nutrition and Health demonstrations. The Federal role in these activities was to alert school systems to the need for including environmental projects in their curricula and also to call attention to the relationship of nutrition and health to educational success in low-income areas. These purposes have generally been accomplished. Local jurisdictions, in accordance with their priorities, will be able to replicate existing models with broader purpose educational authorities such as special education revenue sharing.

Summary

The total request for all of the above activities is $120,375,000. This is $53,515,000 less than the fiscal year 1973 estimated appropriation of $173,890,000. Of this decrease, about $33,000,000 is in the area of teacher education, and the remainder is in special thrust programs which have generally achieved their purpose and are being phased out.

I will be happy to respond to any questions you may have.

SUMMARY OF REQUEST

Dr. SMITH. For the Teacher Corps we are requesting $37.5 million which is the same as in fiscal years 1972 and 1973. They expect to have 43 projects continued and 45 new ones.

In the career opportunities program we are asking for $22.9 million. which is a reduction of about $2.5 million to continue those projects that are already underway in 130 sites across the country.

In the urban/rural school development program, we are asking for $11 million, which is a decrease of $1 million, to continue the 41 existing projects.

In higher education personnel, we are asking for $2.1 million, of which $600,000 is to continue about 92 fellowships and $1,500,000 is to start about 230 new ones. In our second category, the national priority programs, we are asking for continuation of the educational broadcasting facilities, a reduction from $13 million to $10 million for this year. The reduction in the "Sesame Street" and "The Electric Company" is based on the assumption that new revenues are expected to become available to the "Children's Television Workshop" so the Federal support can be reduced.

In the drug abuse education program, we are asking for $3 million, and for the right to read program we are asking for $12 million.

For dropout prevention we are asking for $4 million, and in Surveys and Statistical Data we are asking for a budget of $14.9 million.

In the final summary, we have not requested funds for environmental education or nutrition and health demonstrations. The total request is $120,375,000. This is $53,515,000 less than the fiscal year 1973 which was at $173,890,000. Of this decrease, approximately $33,000,000 is in the area of teacher education, and the remainder is in special trust areas.

We are ready to respond.

TEACHER CORPS

Senator COTTON. Does the Teacher Corps work out of large cities or out of the rural Teacher Corps sites?

Do you have any people serving in prison schools or on Indian Reservations?

Dr. CORDOVA. Mr. Chairman, we will operate out of rural areas as well as large cities. We have a special corrections program that we are operating inside institutions currently.

We have attempted to reach a balance in the number of projects that we are funding in large cities and also in rural communities which we find especially among the Indian lands, where we have to get into reservation areas, and we have to work in the Southwest in a number of very rural areas, in Appalachia where we have certain rural areas that we are working in. So we are working in all those areas, as well as the corrections.

Senator COTTON. In other words, you would have members of the Teacher Corps, working, for instance, with the Puerto Rican settlement in New York City. You would also have Teacher Corps working, I won't say in New Hampshire mountains but in the Kentucky mountains, more the areas where there are some Anglo-Saxon people, right?

Dr. **Cordova.** Right.

Senator **Cotton.** And people operating in the prison schools?

Dr. **Smith.** How many programs do we have?

Dr. **Cordova.** We have about six corrections programs operating currently. We are spending approximately $1.7 million in these particular projects. By way of illustration, we have one project in Los Angeles, and we have another one in Sacramento that are geared to working with students who are in a sense in a transitory stage.

Senator **Cotton.** Am I correct in my understanding that as whereas a few years ago, the Teacher Corps was pointed to fill a lack of teachers, but that now the teachers in general, we have all we need, so that the Teacher Corps now has become pointed at definite targets, mainly training teachers to be able to deal with particular groups like prison groups, like Spanish-speaking groups.

Dr. **Smith.** Indian groups.

Senator **Cotton.** Indians, and some of the rural or mountain area groups, and the black groups and all the rest of them.

Dr. **Smith.** That is correct.

Senator **Cotton.** And the total request for the Teacher Corps is——

Dr. **Smith.** That is $37.5 million, which is the same as last year and about $100,000 more than fiscal year 1972.

The other point that I think Dr. Cordova would like to make is the effect of the Teacher Corps as it relates to the upgrading of the teachers who are already in the system by involving them in the competency based teachers' movement. Dr. Cordova, will you speak to that issue.

INSERVICE RETRAINING OF TEACHERS

Dr. **Cordova.** One of the critical issues we talk about now with the teacher surplus, is the inservice retraining of teachers. We have diverted a bit of our energy to try to deal with this particular problem, particularly because the initial requests coming from local projects are indicating to us that concern with new approaches in teacher training. Number one, we are talking about competency-based teacher training for a number of teachers, and they are requesting that we help them with this retraining program.

Consequently, we are allocating approximately 50 percent of our total education costs to the retraining of teachers in these areas that have been identified by them. Incidentally, we have made a number of connections with existing organizations such as the American Association of College Teacher Education and are working in conjunction with them to help upgrade their credential programs, in order to take into account the needs that are being expressed by such areas as you mentioned—rural areas, Indian education, bilingual education, the correction area, just to mention a few.

RETENTION OF CORPS MEMBERS IN PROFESSION

Senator **Cotton.** This is an old question. I think it has been asked every year since I have been here. What, if anything, do you require that after you have invested money in training a teacher to deal with the Indians, to deal with the Puerto Ricans or some other people, to make sure that that teacher at least puts a reasonable amount of time in actually putting into practice what he or she has prepared for?

Do you require something?

Dr. SMITH. There has been no requirement, and the prime reason, Mr. Chairman, is that the Teacher Corps has probably the most outstanding retention record of any teacher education program that the Federal Government has ever fostered. Dr. Cordova might want to cite the statistics on the retention of the number of Teacher Corps trainees.

Senator COTTON. You mean if they are anxious enough to take the trouble to go through this, that they have a purpose and they are going back and are they, for instance, Indians that want to help their people, and blacks that want to help their people, and Puerto Ricans that want to help their people?

Dr. SMITH. Yes, exactly. Absolutely.

But you might also note, there are a large number of Anglo-Saxon Americans involved who are committed to the education of minority and low-income children and who will remain in the community where they have been trained to work with these children.

I think we have been very fortunate to have Dr. Cordova in the Teacher Corps to provide us with the kind of model that clearly has been exemplary.

Senator COTTON. Do you wish to put in some statistics?

Dr. CORDOVA. I would like to if I may. Our retention figures are well over 77 percent, with all returns not being complete as of this date. This is a very, very high retention. The other percentage that we are talking about, which is approximately 24 percent, will remain in the related areas in education.

Senator COTTON. Your retention people have to be somewhat less than the total because I imagine these people get married and start raising families like everybody else and have to go out of teaching.

Dr. CORDOVA. Definitely.

Senator COTTON. But the percentage that remain, when you say they stay in, how long?

Dr. CORDOVA. They remain in teaching. We have not had a longitudinal study to make a determination. There is one under way right now as to how long they remain with a certain area. I can cite, simply by way of illustration, my experience in east Los Angeles, where I did have a Teacher Corps program prior to joining the Office of Education, and I did send a survey 2 years later and I found that out of the initial 45 that started in the Teacher Corps and got teaching jobs in east Los Angeles, we have only lost three, and that is 2 years after.

I can cite that as an illustration.

Senator COTTON. That is amazing.

JOB PLACEMENT FOR CORPS MEMBERS

How do you determine where Corps members go?

Are you asked by the school district to send someone in there?

Dr. CORDOVA. Mr. Chairman, the process that we are involved in involves the local educational agency, the Institution of Higher Education, and the community. The first thing that they do is make a needs assessment. They have to take into account what they need within the locality. This is the factor that determines that. We make no assessment from the National Office pertaining to where the Corps members are going to go because the committee that selects them is the screening committee made up of local people.

Since it is a local selection procedure that is employed, the interns will apply directly to a specific project where they want to work. Our emphasis is on recruiting local people. I think that answers the question as to the retention.

If we need Mexican Americans, then we want to recruit Mexican Americans in the area. If we are looking for Indians, they recruit Indians in that particular area. If they are looking for blacks, they will recruit blacks in that particular area. If they are looking for whites in Appalachia, they would pick people from within the local area. That insures and guarantees retention.

Senator COTTON. It also insures their cordial reception.

Dr. CORDOVA. That is right, too.

Senator COTTON. That is one of the most necessary things, is to have these people glad to have them come.

Dr. SMITH. The history of the Teacher Corps, Mr. Chairman, is such that since the first cycle, the exemplary work record made by Teacher Corps interns has, in fact, sold the program itself.

The beauty of the Teacher Corps, I think, has been the fact that its record in most communities has stood up. There are exceptions, certainly. On the whole, the young people that have come to Teacher Corps have been extremely intelligent, extremely dedicated, especially to the education of children in disadvantaged areas.

Senator COTTON. Now, I run into people constantly from wealthy families and their daughters graduated from Vassar, Wellesley, or now Dartmouth or Yale, probably, and they have an ambition, have a very deep sense of social obligation, and they want to go and teach the disadvantaged and the underprivileged.

Now, what do you do with them?

Dr. SMITH. They have every right to apply, as does any other student.

Senator COTTON. They probably pay for their own training.

Dr. SMITH. Not necessarily. Some may desire not to take the stipend.

Senator COTTON. What do you do with them? How do you handle them so that they can be effective?

I am getting on a very tender subject, but I know that you and I can discuss it in perfect frankness.

How do you get the Puerto Ricans in New York or the Mexican Americans in New Mexico or the blacks in Chicago, to receive somebody who is fresh out of Wellesley that wants to evangelize them? I do not mean exactly that, but wants to educate them?

Dr. SMITH. One of the things that we have noticed historically is that while we are working very diligently to increase the number of minorities or persons from Appalachian areas who are dedicated to their own community, those communities are not opposed to people from outside that community who are committed to the education of children. But the process by which their credibility is established is a much more tenuous prospect than one who comes with an identity.

I do not think that you will find communities that will reject individuals who are interested in their children. Parents want teachers who are interested in their children.

Statistically, when you look at the number of teachers that are in the American education system, you recognize that, historically, there have been a large number of Anglo-Saxon teachers who have been effective. The problem has been that they have not the tools and equipment to work with children from low income schools. The beauty of the Teacher Corps is that the interns are not certified as teachers out of the Teacher Corps unless they have had 2 years experience, and have proved themselves capable of delivering educational services.

Senator COTTON. It is a small percentage.

Dr. SMITH. It is a relatively small percentage, yes.

Dr. CORDOVA. Our records indicate that we have no problems in having people that have interest in serving in deprived areas to be accepted in Teacher Corps projects, since the procedure, again, is a local selection procedure. They have to go through quite a screening process. Generally, if there is a genuine interest, they have not been rejected on that basis at all. This has been our experience throughout the different projects.

CATEGORICAL TEACHER TRAINING PROGRAMS

Senator COTTON. I am somewhat disturbed and worried about your proposed elimination of categorical teacher training programs. Your budget says that funds should be sought from general higher education funds under the budget. You have got a lot of people vying for money.

Are there any funding priorities or safeguards to make sure that there is enough to encourage prospective teachers of Indians and Spanish Americans and others?

Dr. SMITH. No categorical funds have been set aside for specific groups of people. The basic assumption has been that it has become clear that if you expect to effect any kind of change in education, a very integral part of that change process has to be education of personnel.

When we look at the history of title I programing, for example, it was not until very late in the funding cycles of title I that it became clear that you could not talk about the installation of new programing in those schools without taking into account the necessity for training teachers to use the materials, to develop the materials, and to have a better understanding of the children with whom they are working.

As a result, the assumption is that the Better Schools Act or the educational revenue sharing funds would be used for those going to a local educational agency for the development of a program for children. Teacher training or in-service training has to be a viable component in that program. If it does not, what we are simply doing is sending good money after bad. You have to take into account the training of educational personnel.

So, our assumption is that after 4 years of history, the most effective means of affecting programs is to have in that program the teacher training. Our assumption is that that will occur. This assumption, of course, would not be met if there is no Better Schools Act.

Senator **Cotton**. It will be recognized by the other divisions of the Department that would be vying for funds?

You show that you have the good raw material and the need. You do not have trouble in settling your in-house problems within the Department, right?

Dr. **Smith**. Right.

REDIRECT TRAINING TO MEET SPECIAL NEEDS

Senator **Cotton**. Why could you not redirect these personnel development programs and retrain surplus teachers to meet some of these special needs?

Dr. **Smith**. That is certainly a possibility. There are two areas.

Senator **Cotton**. To do that, you would have to do what is probably not using your resources to the best advantage. You would have to go into the general reservoir of teachers and send them among various groups where they would not have either the entree or the interest. In other words, if you are going to be effective in dealing with the Puerto Ricans in New York, you would be more effective if you can find interested and trained Puerto Rican teachers to do it.

That is the answer to that, is it not?

Dr. **Smith**. I would think so, yes, sir.

Senator **Cotton**. You see, I am very helpful to you. I asked a question and I answered it.

Dr. **Smith**. I appreciate it.

INSTRUCTIONAL EQUIPMENT FUNDING

Senator **Cotton**. I am perpetually in a fight every year with the Bureau of the Budget—and I think the chairman is on my side—because they stamp out completely the money that we furnish for instructional equipment under NDEA title III, and I hope we can get a little ammunition from you.

Do you not, and can you not, use some of that in your particular work?

Dr. **Smith**. Mr. Chairman, I would like to reinforce it for you. I cannot, because you let Mr. Muirhead get away. Actually, we do not have funds in the educational development category for construction with the exception of the broadcast facilities. Therefore, our concern is for personnel and the development of personnel. We feel that that can be done, not necessarily in a new building, but in any kind of building.

Senator **Cotton**. I am talking about projectors and equipment.

Dr. **Smith**. It is rather difficult for me to respond to that.

Senator **Cotton**. I will excuse you from that. I was just trying to get away with something.

Dr. **Smith**. Yes, I know you were.

REDUCED FUNDING FOR "SESAME STREET" AND "THE ELECTRIC COMPANY"

Senator **Stevens** [presiding]. It just so happens that one of the questions that I have is the next one from the chairman.

Now, this pertains to "Sesame Street" and "The Electric Company." You are cutting the dollars on that, and you testified to that as to the decreasing level. I ask a question preliminarily.

Did you not take a portion of the funding for things like "Sesame Street" from OEO in the past?

Hasn't there been additional funding from OEO into the "Sesame Street" operation?

Dr. GRAYSON. At the very beginning of the program, there was some slight funding from OEO, but the main funding funnel has been from the Office of Education and has been for the last several years.

Senator STEVENS. You indicated that you expect other funding to come into the "Sesame Street" area, new revenues are expected to be available, and Federal support is being reduced in both the projects.

Where is this new funding going to come from?

Dr. GRAYSON. The funding to a large extent, Senator, is funding that is being generated by outside activities of the television workshop itself. They have various commercial activities that are now generating revenue, that they are now putting back into the "Sesame Street" and "The Electric Company."

Senator STEVENS. Do you have an accurate projection of that revenue from them?

Dr. SMITH. We did when we originally developed the budget. I think that it is true that the director of the "Children's Television Workshop" is working on the new projection which is not as sound as the original projection that she sent to us. If I remember correctly, there had been some discussion that it may be necessary, when this new projection comes in, for us to come back to you and point out that there is a deficit, a greater deficit than they had anticipated.

Our understanding at the original construction of our budget was that they would, through new revenues, be able to take care of the difference between the Federal contribution and their costs.

Senator STEVENS. They have been funded at a rather steady rate of $6 million over the past?

Dr. SMITH. That is right.

Mr. MILLER. Mr. Chairman, you recognize that the role that was conceived for the Office of Education here was not to start a program and then support it forever, but make innovative steps in educational television and continue to make these experiments, but not to put a program on and support it with Federal funds. As you are well aware, they are very popular programs and they are able to make a lot of money on the commercial market.

Senator COTTON. I just do not want the assumption to be made, because there is a slight increase in funds for the Public Broadcasting System, that you can decrease yours. Is part of your revenue being based on increased funding for that? If it is, I can state to you in advance the administration opposes this.

I cannot see how you can count public broadcasting moneys on one side and then say they are going to have increased money available, and therefore we can knock $3 million off.

Dr. SMITH. The original budget projection was based upon discussions with the "Children's Television Workshop." It was not a question of the administration desiring to reduce its contribution to the program. I think that we can safely say that this was based upon the projection given us by the "Children's Television Workshop." I would have to hedge a bit on the final outcome of the study that they are doing because it just may certainly show that their original projection was not an accurate one.

I do not think we have the data at this point in time, and therefore I am not in a position to make that change. If it should occur, I would think that we would be in a position where we would have to discuss that. Unequivocally, I think we can say that the issue of reduced funding for "Sesame Street" and "Electric Company" is not an administration decision.

Senator **STEVENS.** Is it not an administration decision to reduce the funding?

Dr. **SMITH.** That is right. It was made in concert with the "Children's Television Workshop."

Senator **STEVENS.** If this assumption that non-Federal funding is available is not correct, then you will seek the balance of the funds necessary to maintain current programs at their present level?

Dr. **SMITH.** It would be my assumption at that point that we would certainly want to make our recommendations commensurate with the decisions of the administration.

Senator **STEVENS.** Thank you very much.

STATISTICS ON SURPLUS OF EDUCATIONAL PERSONNEL

You have another assumption that there is a general surplus of educational personnel at the elementary and secondary level.

Do you have statistics to show that?

Dr. **SMITH.** There are two studies, two reports that have come out—one by the National Education Association, and one by the National Center for Educational Statistics.

Ms. Gilford, would you like to respond?

Ms. **GILFORD.** We do have projections, some cost estimates based on data. We have data from NEA, on surplus, and we have projections on the number of teachers that will be produced for the future, and we do predict that we will continue to have a surplus during the next 5 years.

Senator **STEVENS.** Could you give us a summary for the record that would substantiate this assumption that we have a surplus projected for educational personnel at this level?

Ms. **GILFORD.** I would be glad to supply it.

Senator **STEVENS.** I would appreciate that.

[The information follows:]

Data on the Supply of and Demand for Teachers

1970

The National Education Association (NEA) reports that in 1970 there were approximately 297,000 college students graduating with BA's or MA's who had training for initial employment as elementary and secondary school teachers. Previous NEA data indicate that recently about 70 percent of graduates with teacher preparation go immediately into classroom teaching. This gives about 208,000 of these new graduates who were seeking teaching jobs at the beginning of the 1970-71 school year. About 55,000 persons who re-entered the teaching profession need to be added to this figure. (Estimates on the number of re-entries vary from about 20,000 to 90,000. Therefore, an intermediate figure is used here.) This gives an estimated "total effective teacher supply" figure for 1970 of about 263,000 persons. (Not included is an undetermined number of persons who, after graduating, delayed initial entry into the teaching profession).

According to estimates from the U.S. Office of Education, National Center for Educational Statistics, 215,000 new teachers were hired (teacher "demand") in 1970. Thus in 1970 the supply of teachers was greater than the demand for teachers by about 48,000 persons.

1973

The U. S. Office of Education has projected from previous NEA data an estimate of approximately 354,000 college graduates in 1973 eligible to teach. If, in 1973, 70 percent will again seek teaching positions, and if 55,000 former teachers seek to re-enter teaching, there will be an effective teacher supply of 303,000 persons.

The estimated teacher demand for 1973, the new teachers to be hired this year, is projected by the U.S. Office of Education to be 186,000 teachers. This gives a teacher surplus of about 117,000 teachers in 1973.

1973-1977

It is projected by the U.S. Office of Education that over the 5-year period 1973-1977 there will be a total of 1,828,000 graduates eligible to teach. The effective supply of teachers (at 70 percent) will be 1,280,000 and with the addition of an estimated 275,000 re-entries the total effective supply for this five-year period is 1,555,000 persons.

The projected number of new teachers to be hired during the period 1973-77 is 896,000. This gives an estimated teacher surplus for the next five years of approximately 660,000.

Summary

According to the estimates presented above the effective supply of teachers, demand for teachers and teacher surplus for the United States in the years 1970, 1973, and 1973-77 are the following:

	1970	1973	1973-77
Effective teacher supply	263,000	303,000	1,555,000
Demand for teachers	215,000	186,000	896,000
Teacher surplus	48,000	117,000	659,000

Discussion

These data which project a teacher surplus over the next five years need to be qualified in two respects. First, demand projections are based on the assumption of the continuation of past trends in pupil-teacher ratios, numbers of students enrolled, and teacher turnover rates. The data on teacher supply (graduates eligible to teach) are based on projected number of bachelors degree recipients.

Second, projections are based on limited data for the United States as a whole for all elementary and secondary teachers. These gross figures do not provide data for local and regional areas - in some of which critical shortages continue to exist. Also these overall national estimates obscure the existence of particular shortages for some specialists and in certain subject matter areas. According to NEA data, such shortages exist for specialized teachers to instruct the handicapped, and for trade-industrial-vocational-technical teachers, physical and health education teachers, and librarians.

Source Table

Teacher Supply and Demand: Public and Nonpublic Elementary and Secondary Schools, 1961 to 1981

(In thousands)

Year	Supply of graduate eligible teachers 1/	Demand for additional teachers 2/
1961	129	188
1962	142	183
1963	158	209
1964	174	212
1965	190	209
1966	205	228
1967	227	217
1968	242	237
1969	275	236
1970	297	215
1971	327	171
1972	338	195
	PROJECTED 3/	
1973	354	186
1974	362	177
1975	355	174
1976	371	177
1977	386	182
1978	401	179
1979	415	190
1980	422	201
1981	427	211

1/ The number of persons who completed teacher preparation programs with at least a bachelor's degree from the NEA publication, Teacher Supply and Demand in Public Schools, 1972. This does not represent total teacher supply since some of these graduates will not seek teaching jobs and the number of prior graduates who will seek entry or re-entry into the profession is unknown.

2/ From tables 29 and 30 in Projections of Educational Statistics to 1981-82, U. S. Department of Health, Education, and Welfare, Office of Education (in press).

3/ The projection of the supply of graduate eligible teachers is based on the assumption that the percentage that graduate eligible teachers are of total bachelor's degrees will continue to decrease as it has during the past 5 years.

ENVIRONMENTAL PROJECTS

Senator STEVENS. You also have deleted funds for evironmental education, nutrition and health demonstrations. These programs were to alert school systems for the need of environmental projects.

Do you have any staff studies to support the conclusion that these purposes have been accomplished?

Dr. SMITH. The director of our environmental education program, Mr. Bogan, is here, as well as Dr. Nowlis.

Mr. Bogan, do you want to respond?

Mr. BOGAN. We have information that would support the decision that we have made, from a project in the Office of Education. If you are asking do we have the traditional educational evaluation, we do not. We have a strategy study.

Senator COTTON. I do not think that there is anything in terms of elementary and secondary education that has sort of taken hold as much as the environmental education concept.

I take it the assumption here is that non-Federal education funds are available to continue the environmental education role.

Mr. BOGAN. I think the position is more probably that there will be non-Federal moneys available, but additionally, the Office of Education will continue to attempt to provide funds and stimulation for environmental education through authorities other than the Environmental Education Act.

Senator STEVENS. If I am correct, we have had $3,180,000 in the 1972 bill for environmental education. There is $4 million in the vetoed bill, and we are still going at the rate of $3,180,000 now.

Is that right? And there is zero for 1974?

Mr. BOGAN. That is right.

Senator STEVENS. That is an administration decision to cut this out entirely, or was it the decision of the people on the career level that the program was not needed?

Dr. SMITH. I think it is a combination of both. The basic theme for our environmental education program and our health and nutrition program was to attempt to set up exemplary models that could be used that would provide the kind of information feedback system that would allow the local educational agencies upon their own, utilizing whatever State or local resources that might be available, to implement those kinds of models.

I think in the case of the environmental education program, one of the major focuses was on the question of awareness. Mr. Bogan, you may want to speak to that one point.

Mr. BOGAN. I think there is no question that there is a considerable awareness. In fact, there is a considerable movement in putting these environmental educational programs in schools. Further, the position is not one of arguing that the job has been done, but rather assessing the statute by which it is financed.

Senator STEVENS. You talk about models.

How did you use the $3,180,000 in the current year?

Mr. BOGAN. In the current year we have made 49 grants. I can give you a partial listing of the projects funded in the current year, which would be 1973.

Dr. SMITH. Fiscal year 1972 grants might be more helpful.

Mr. Bogan. I have a list of the 1972 projects. We made some grants to local school districts for elementary to secondary school projects, several grants to state education projects in an attempt to design State plans for putting environmental education in place through the State education department as well as grants to nonprofit public organizations that are concerned with the nonpublic sector.

USE OF REVENUE SHARING FUNDS FOR ENVIRONMENTAL PROGRAMS

Senator Stevens. The assumption is that the States will be able to use revenue sharing funds to continue this activity should they want to do so.

Mr. Bogan. Yes.

Senator Stevens. If we do not have revenue sharing, we do not have these projects.

Dr. Smith. They can use State or local funds in addition to Revenue Sharing funds.

Senator Stevens. Are there any other funds that are available to the Department, to your office, the Office of Education, that would be available for environmental education if the revenue sharing bill does not pass; funds to assist the States in environmental education?

Dr. Smith. There are no categorical funds for environmental education. I think the States and the local education agencies would do what they have been doing, which is to utilize their funds. For example, in the title III program, there are a large number of exemplary projects that have focused very heavily upon environmental education. So there is an assumption, although not a very strong assumption, that the use of State and local funds, whether there is revenue sharing or not, could be used for environmental education. I think in some instances that is dependent upon the priorities made by the local and State governments. This is the case for educational personnel training as well.

Senator Stevens. The narrative that was given to us indicates that the basic authority for this program expires this fiscal year.

Has that been extended?

Mr. Miller. I assume it has not been extended yet. We are not recommending its extension. I presume it is covered by the automatic extension provision in the General Education Provisions Act.

Senator Stevens. The staff advises me that there is an automatic extension for an additional year if the Congress does not act on this Better Schools Act.

Is that your assumption, too?

Mr. Miller. That is my understanding, Mr. Chairman.

STAFF RETAINED TO PROVIDE TECHNICAL ASSISTANCE

Senator Stevens. This also indicates that the Office of Educational Services has a mechanism for providing technical assistance to the field, to the Office of Education, and other governmental programs that raised my question whether there are other governmental programs that would take up this $3,180,000 if it is not funded here.

Dr. Smith. The fiscal dimension of it would not carry over. It is our assumption that during fiscal year 1974, the Environmental Education staff would be in a position to provide technical assistance to the States that were utilizing their own resources. We expect our Environmental Education Office to be in place for fiscal year 1974, but there are no resources requested.

Senator STEVENS. You mean you will keep an Environmental Education staff on a national level, but you will have no money to make grants.

Dr. SMITH. During the fiscal year 1973, because of the forward funding of the programs, the programs will run through fiscal year 1974. That will allow the staff the opportunity to monitor the 1973 grants as well as to develop what we call lesson learn models that can be used by any local educational agency. In this way they will provide technical assistance to other than grantees for the development of environmental education projects.

ENVIRONMENTAL EDUCATION

Senator STEVENS. Dr. Smith you testified that the Federal mission in environmental education had been accomplished. Yet in his testimony before our counterparts in the House, Secretary Weinberger said that this program has produced little in the way of useful results. Can you explain this?

Dr. SMITH. The Federal mission of promoting and assisting the initiation of environmental education development throughout the country has been accomplished. We are nearing completion of our second year of project experience and we anticipate that the results of this 2-year experience and at the end of fiscal year 1974 of the total 3-year experience will be useful to schools and organizations in their continuing efforts to develop effective programs.

Senator STEVENS. I understand that last year funds were set aside to evaluate this program. To my knowledge, the evaluation never took place. I wonder how you can propose to terminate the program if you don't know what has been done or how well it worked.

Dr. SMITH. The proposed formal evaluation of environmental education projects was deleted from the fiscal year 1973 OE evaluation program plan because of the decision to terminate the environmental education program in fiscal year 1974. However, actions have been taken to assist program grantees in carrying out the legislatively mandated self-evaluation of projects to a manner that will provide data useful for national assessment and technical assistance as well as individual project enhancement.

Senator STEVENS. Environmental education was involved in that grant and contract snafu we've been reading about. I understand that about two-thirds of the program's funds were lost because of it. If the program doesn't get all the money that had been provided, how do you come to the conclusion that the mission's been accomplished? It sounds more like mission impossible to me!

Dr. SMITH. The fiscal year 1973 Environmental Education Act grant competition was conducted with a little over $1 million, or about $2 million less than the $3 million originally alloted for this activity. This decision was necessary in order to meet legal requirements for obligating funds appropriated on an annual/fiscal year basis.

Therefore, the mission of promoting and initiating development of environmental education programs was accomplished on a smaller scale than originally planned but hopefully without a proportionate decrease in the quality of the results.

NUTRITION AND HEALTH PROGRAMS

Senator **STEVENS**. The same rationale applies to the other item in nutrition and health figure of $2 million?

Dr. **SMITH**. My understanding of that program, which has been in existence for a longer period of time, was that it was primarily designed to provide the States especially with some sense of the need for health and nutrition programs.

Dr. Nowlis, do you want to step in?

Dr. **NOWLIS**. Yes. This was conceived as a specific demonstration program. Its goal was to go into disadvantaged areas and serve as a catalyst to bring together resources from other Federal sources, and supplement, where necessary, to try to demonstrate that working together helps mental health, social service, family service, school lunch, and nutrition education, and could have an impact on both parents and students in improving the nutrition and health knowledge of these parents and students.

Senator **STEVENS**. How was that money distributed, the $2 million? Was that in specific categorical grants?

Dr. **NOWLIS**. It was to specific projects that were recommended by State education departments.

Senator **STEVENS**. Did every State participate?

Dr. **NOWLIS**. There were only 12 grants. It was truly a demonstration type of activity.

Senator **STEVENS**. Do you have applications for funding for 1974 from those 12 or others?

Dr. **NOWLIS**. Each project was funded for 3 years, and the program was to begin to phase out in 1974. The effect of not having funds for next year is not to install the last two of the models, and to cut out four of the models after 2 years rather than after 3 years.

Senator **STEVENS**. How much would they have amounted to if they had been funded in 1974?

Dr. **NOWLIS**. $2 million for the two new ones, plus a continuation of the additional four.

Senator **STEVENS**. Could we have for the record the continuation of what the projects were and where they were located?

Dr. **NOWLIS**. Yes.

Senator **STEVENS**. And what the new models were for the programs for the additional 3 years?

Dr. **NOWLIS**. Yes.

COST OF PROJECT MODELS

Senator **STEVENS**. Could you identify those also for our record, and indicate the money that would have been required for each?

[The information follows:]

Demonstration Projects in School Health and Nutrition Services

For Children From Low-Income Families

In fiscal years 1971 through 1973, a total of $6 million in grants were made to 12 widely-scattered school districts for demonstration projects in school health and nutrition services for children from low-income families. The projects involve more than 15,700 children during the current school year.

This program responds to recognition that poor health, emotional problems and hunger impair a child's ability to participate in classroom activities and to learn. Improved physical and mental health will increase the possibility for each child to develop his own potential to the utmost. The purpose of the program is to demonstrate a variety of ways through which the gap between needs and delivery of nutrition and health services can be narrowed by coordinating, focusing, and utilizing existing health, health-related and educational resources at the local level.

The services provided include comprehensive ambulatory care, as well as mental health care, school breakfast and lunch, health and nutrition education, diagnosis and remediation of learning problems, community outreach and participation, involvement of families with children in the program, paraprofessional training, improvement of the learning environment in the classroom and the school, and in-service education.

Designed as a demonstration effort, this program serves to show how projects can be developed and operated in a limited number of differing localities.

The listing of projects follows:

Location of Project	No. of Schools	No. of Children Served	Funds Committed
Oakland, Calif.	4	1357	$683,098 (3 yrs)
Topeka, Kan.	5	1300	$686,644 (3 yrs)
New York, N.Y.	2	1057	$429,391 (3 yrs)
Durham, N.C.	2	1322	$677,549 (3 yrs)
Dayton, Ohio	3	1200	$559,747 (3 yrs)
Beaufort, S.C.	4	1710	$439,030 (3 yrs)
Galveston, Texas	5	1390	$657,314 (3 yrs)
Norfolk, Va.	5	1535	$643,037 (3 yrs)
Huntsville, Ala.	4	1351	$381,567 (2 yrs)
Kansas City, Mo.	4	1565	$320,686 (2 yrs)
Browning, Mont.	6	1200	$287,461 (2 yrs)
Rapid City, S.D.	6	800	$234,476 (2 yrs)
		Total	$6,000,000

Cost to Continue Two-Year Projects

In order to provide a third and final year funding for the four (out of 12) projects which have only received support for their second year, we estimate that approximately $650,000 would be required. This figure assumes: no increase over the second year level of funding, the availability of some minimal amount of carryover and selective reductions in 2 of the projects.

Cost to Fund New Models

The two new projects which were not started in fiscal year 1973 because of lack of funds were planned to have represented "models" different from the previous 12 projects in three basic respects. They:

(a) would have concentrated on Mexican-American children.
(b) would have been located in the greater West and Southwest portion of the country.
(c) would have attempted to partially create resources in addition to coordinating already available health, mental health and nutrition resources.

By way of contract the previous projects tend to:

(a) focus on inncer city black, rural black and Indian populations.
(b) are well spread throughout most parts of the country except the West and Southwest.
(c) efficiently coordinate existing resources but may not effectively enough encourage the development of additional resources.

These two projects represent a somewhat more difficult effort than some of the earlier programs and would require at least a similar budget to develop. We would estimate at this point that approximately $225,000 per program, per year, would be required, or $1,350,000 for the three year period.

AVAILABILITY OF REVENUE-SHARING FUNDS

Senator STEVENS. Was the assumption that the revenue sharing should be available to continue the nutritional and health programs for low-income areas?

Dr. NOWLIS. No. This whole thing was set up as a model, and it is now being evaluated and plans are being made to disseminate. The hope is that since it really makes use of resources in the community, that what we are doing is setting up a model for mobilizing more effectively those resources and the interest in better nutrition, better health, better parent education, and better school education in these areas.

Senator STEVENS. Is it fair to say that the contemplated cycle of those grants will be terminated short of their completion?

Dr. NOWLIS. Yes. They originally would have been completed.

Dr. SMITH. The question was, will they be completed in a shorter time than what had been originally prescribed?

Dr. NOWLIS. The original eight would have run 3 years.

Senator STEVENS. The four, have they been notified that they will be cut off?

Dr. NOWLIS. Yes.

Senator STEVENS. What is the effective date of the cutoff?

Dr. NOWLIS. Again, this is like fiscal year funding so that the effective date of the cutoff would be June 30, 1974.

Dr. SMITH. Which would have completed their second year.

Senator STEVENS. 1974?

Were these moneys in the budget at all? There will be a $2 million carryover into 1974?

Dr. SMITH. Yes, because of the forward funding.

Mr. MILLER. I assume that you will be awarding the grant in June, right, and it will keep them in business until next year.

Dr. NOWLIS. They will be in business using money awarded in fiscal 1973.

EFFECT OF ADDING FUNDS

Senator STEVENS. If we put a million dollars in this budget, what would it be used for?

Dr. NOWLIS. It would probably be used to pick up the new types of areas in which we had hoped to go, and to continue those four projects which were originally planned.

Dr. SMITH. The data thus far show that it might not be necessary to carry out that additional year. The point is that it is not really linked to the revenue-sharing rationale. I just want to make that clear.

Senator STEVENS. I am glad to get that clarification. It is my understanding that the committee hopes to have the bill out, so we will not have a continuing resolution problem unless we have another veto. If we operate under continuing resolution on this bill for any period of time, I assume that it will apply to the budget request, which is zero, or the House action—and we do not know what it contemplates at the present time.

Is that correct?

Dr. Smith. Yes.

But, I need to emphasize the difference in the decision relative to health and nutrition from any of the administrative decisions relative to the Better Schools Act, because they are two separate items. We are talking about a demonstration program at this point in time that has provided the models, that has also provided us the opportunity, once the evaluation is done, for the application in any State agency in any State.

DRUG ABUSE EDUCATION

Senator **Stevens.** I would like to talk about another item here: Drug abuse education, that is being cut $9.4 million.

As I understand your statement, the basic authority of the Drug Abuse Education Act expires at the end of this fiscal year.

Dr. **Smith.** That is correct.

Senator **Stevens.** Are you operating under the assumption that it will not be extended?

Dr. **Smith.** There is new authority.

Dr. Nowlis?

Dr. **Nowlis.** Perhaps I had better speak to that. In June of 1972 the Congress passed unanimously, I think, Public Law 92–255, a Drug Abuse Office and Treatment Act which was planned to coordinate all the drug abuse activities, whether it be prevention, education, treatment, rehabilitation. It set up the Special Action Office for Drug Abuse Prevention, which is now in the Executive Office, and which now serves a coordinating role. It provides them through section 410 and section 223 with funds to carry on the support of many of the programs that have been in separate agencies, and it also sets up as of December 31, 1974, a National Institute on Drug Abuse in the National Institute of Mental Health, which will be parallel to the National Institute on Drug Abuse and Alcoholism. So the $3 million that we have for fiscal 1974 is under the authorization of 92–255.

Senator **Stevens.** Will the National Institute of Mental Health have funds available for the continuation of the programs that provided funds for community leadership and school informational programs?

Dr. **Nowlis.** They will have the authorization.

Senator **Stevens.** I did not ask that. I am sorry, Doctor.

Will they have the money?

Are you telling us that the money, this $9.4 million, has been shifted to another budget?

Mr. **Miller.** I do not think we can say precisely that.

Dr. **Nowlis.** The Special Action Office, under 92–255, is requesting moneys for the 1974 budget for support of activities which have been under OE, under NIMH, under Social and Rehabilitation Services, and the drug abuse area, and with the 1975 budget, the presumption is that the new National Institute will be requesting their own funds to cover the activities that they are authorized to engage in.

Mr. **Miller.** There is an increase, Senator Stevens, in the amount of project grants for drug abuse in the National Institute of Mental Health.

Senator **Stevens.** How much?

INCREASE IN COMMUNITY AWARDS IN DRUG ABUSE PROGRAMS

Mr. **Miller.** I would have to get you the figure for the increase because the figures on our table include the money in there for the community Mental Health Center policy, so it includes eight years of the drug abuse project funds in the Community Mental Health Centers, and I have not got separated from that the increase for project grants outside of the centers, so I will have to provide that for the record.

[The information follows:]

The 1974 budget request of the National Institute of Mental Health has included $6.4 million for new project awards to communities in the areas of drug abuse, treatment, prevention and education.

AUTHORITY COVERAGE

Mr. **Miller.** Presumably the authority for these funds would cover almost anything, and it would cover the same purposes as those covered by this program in education. I think we would mislead you if we said that it was a certainty that they would replace those funds. I am not sure that they will. This kind of funding in the school system would have to compete with everything else that comes before the National Institute of Mental Health.

Senator **Stevens.** I just want to make sure this is not an assumption that we no longer want Federal assistance to deal with drug abuse problems in the community levels, and in the elementary and secondary schools.

I assume you are familiar with Richie and some of the other case studies being brought forward which deal with the problems of ongoing drug abuse after marihuana.

Dr. **Nowlis.** Probably drug abuse is the main thing.

Senator **Stevens.** It seems to me the problem is greater rather than lesser, and here is a $9.4 million reduction.

I would like the record to be clear as to whether this is a program that is being eliminated for fiscal control or whether it is a program that is being shifted to another agency. If it is the latter, I am not going to dispute it. If it is the former, then I think it is a bad decision.

I will be very frank with you. I would just like the record to show what the decision is. Is it a budget control decision?

Mr. **Miller.** I would like to provide further information for the record, but I do want to make clear that there is no question that funds spent by the National Institute of Mental Health will be used for drug abuse education in addition to other purposes, and probably at a greater funding level by far than is in the budget of the Office of Education.

FURTHER USES OF FUNDS IN DRUG ABUSE FIELD

What I cannot assure you is the degree to which those funds will be used in the school system and the degree to which they will be used for other purposes of drug education. But I would like to provide further information for the record for that.

[The information follows:]

The 1974 budget request for the National Institute of Mental Health includes $8,272,000 for educational and information activities in the drug abuse field. Of

this amount, $1.7 million will be used for the training of teachers, counselors, and administrative personnel in school systems. These training sessions are designed to provide school personnel with accurate drug information which may be incorporated into the educational program. The remaining $6.5 million supports the informational services provided to individuals, organizations, and governmental agencies by the National Clearinghouse for Drug Abuse Information.

LINE ITEM OF MENTAL HEALTH BUDGET

Senator STEVENS. I appreciate that your Department—also the records I have been shown—shows that you are taking OEO transfers into this drug abuse section, the line item of the mental health budget. You are taking commitments for mental health community centers, and you are taking an excess authorization of $134 million into that item also to phase out the drug programs in the community mental health centers.

There is every indication that there is not $9.4 million to continue this drug abuse education.

Mr. MILLER. There might be that much in new money for drug abuse projects. We would have to provide that for the record.

As I mentioned earlier, we will isolate the new money that there is for drug abuse project grants in the National Institute of Mental Health.

DRUG ABUSE DURING SPORTS PROGRAMS

One more point I might make, Senator Stevens, I am sure that you have seen all the information on television about the drug abuse during sports programs.

Senator STEVENS. That is when I am watching television, but not when the kids are.

Mr. MILLER. Certainly the sports programs—I don't know how old your children are. I know that they come on all the time.

Senator STEVENS. My kids are attending high school out here in Maryland where they took a poll that showed that over half of the students were using marihuana regularly. My people up in Alaska tell me that drug abuse problem with marihuana is not as great as it is with alcohol. We have got alcohol problems, as I understand it, in the elementary levels.

Senator COTTON [presiding]. We have an institution I am working on right now in New Hampshire that we have only been able to get, I think, $30,000 in Federal money. We have made it by private subscription and other means, last year with almost $100,000. It is called the Odyssey House. It has been operating now for several years. They have been notified that they have been completely cut off.

I do not know whether it fits into this picture or not.

Mr. MILLER. I do not know. We could find out for you. Certainly again, if it is a HEW-supported program, it would be in the National Institute of Mental Health.

Senator COTTON. I take it you have several other matters you want to go into.

Senator STEVENS. I do, sir.

Senator COTTON. Would you be willing to let me finish two quick questions here, and then we had expected to take care of these folks this morning.

Senator STEVENS. Dr. Smith, would you like to pursue this, this afternoon?

FUNCTIONAL ILLITERACY

Senator COTTON. Dr. Smith will be here anyway because we are going on to educational development after this.

How many people are there in the United States that are functionally illiterate, and how many would be served by your budget request? You mentioned, utilizing the right-to-read process and materials.

Do you have some sort of instructional kit that you give out? If so, what is it? What is in it?

Dr. SMITH. Fortunately for us, Dr. Holloway is here and would be more than happy to respond.

Dr. HOLLOWAY. Mr. Chairman, the best estimates we have indicate there are some 18.5 million adults that are considered functionally illiterate, that is, that they are not able to read well enough to read a daily newspaper, driver's license, or fill out job applications. This data was gathered by the Harris survey 2 years ago, and we do not have an update on that, but we do plan to do another survey this next fiscal year.

RIGHT TO READ

In terms of what we do, in terms of instructional kits and materials, right to read has provided in its delivery system technical assistance and a little bit of money. In terms of the information, we have developed a systematic reading assessment instrument that can be used in any school throughout the country and is being used to help school administrators and reading specialists to determine the state of the art, the strengths and weaknesses of their existing reading program, whether funded directly by right to read or not. School administrators are able to redirect and restructure their reading programs by using these materials.

Additionally, we have attempted to identify some of the most effective reading programs and analyze why they are effective. We have packaged them in multi-media packages and they are being disseminated so that school people around the country can profit from what other effective reading programs have been able to gain. That is what I think is the instructional kit that you are referring to.

Senator COTTON. You have in the budget the same amount this year as last year in the right to read, and I am informed by—it happens to be the city that my colleague lives in—their schools have been receiving $50,000 and they have been notified that they are going to be cut to $12,500.

Is that typical in the schools?

Are you cutting the schools and going into your other activities?

Dr. HOLLOWAY. You are referring to Laconia, N.H.?

Senator COTTON. Yes.

Dr. HOLLOWAY. I am very familiar with that, also. As you know, in previous years, the right to read was funded from eight different sources of funds within the Office of Education. While the demonstration portion of right to read funded some 106 school-based programs for a 3-year program, we have never promised the same amount of money.

So what we did this year, in order to try to have some uniformity in terms of ratio of funds, was to determine a $600 ratio per teacher, because in those demonstration programs, they are designed primarily to retrain the existing personnel as opposed to adding a lot of extra people. In order to do that, we have to have some uniform way of dispensing funds, just as Laconia, which is a small school, received $50,000, a large school might have received that same amount, so we are trying to restructure it and regularize it through our ratio.

Senator COTTON. In other words, it is now spread more widely and more proportionately.

Dr. HOLLOWAY. Yes. The other reason was the decision was made to also include more State departments of education and to indicate that New Hampshire will become a right-to-read State. Therefore, by 1974, they have applied and will be funded to become a right-to-read State, so that they will utilize some of the right-to-read procedures and processes, technical assistance and strategies. Therefore, we gain a great deal more mileage than just funding individual schools.

Senator COTTON. In other words, if this or any other school—if they are unduly cramped, they have a second try to get some from their State authorities.

Dr. HOLLOWAY. Yes. We urge that they do.

EVALUATION OF RIGHT-TO-READ PROGRAM

Senator COTTON. The Congress appropriated $415,000 in 1972 for evaluation of the right-to-read program. This year you are not asking for any evaluation money. A lot of us are concerned about the effectiveness of both the program with such important program goals.

Should you not be monitoring the results at all times?

Would you insert for the record your latest program evaluation report?

Dr. HOLLOWAY. The evaluation report for the Right to Read will be forthcoming at the end of this fiscal year.

Last year we utilized right-to-read program money to help us in the evaluation process. And we have every indication that well over 50 percent of our programs have been very effective in terms of student achievement.

Next year we are requesting from our Office of Planning and Evaluation within the Office of Education a $600,000 budget. So we are not using it out of our program money, but we will have an evaluation of the right-to-read program.

Senator COTTON. Is there not a group of educators—maybe very much in the minority—is there not a group that, if not hostile, at least dubious about the effectiveness of the right-to-read program?

Dr. HOLLOWAY. It has not come to my attention that there are groups concerned about the school-based programs per se. We have had a lot of controversy, as you know, about the National Reading Center, but I am not aware of hostility. Perhaps those groups that have not been funded, maybe, but I am not aware as far as a group of educators are concerned.

Dr. SMITH. Dr. Evans will be up this afternoon to talk about evaluation for the Office of Education. You may want to have him speak to the question of the $600,000 for evaluation of the right-to-read program.

I think Senator Stevens' concern about the transfer of funds is that sometimes he sees it leaving one place and not coming back.

LETTER FROM MARK KRISTOFF

Senator COTTON. This will encourage him because here is a letter from the Department of Education of the State of New Hampshire, signed by Mark Kristoff, Consultant on Reading Education, addressed to me which endorses your program in what I would say emphatic and even glowing terms. I assume that it would be satisfactory to the chairman if I insert this in the record at this point.

[The information follows:]

STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION

April 26, 1973

The Honorable Norris Cotton
New Senate Office Bldg.
Room 4121
Washington, DC 20202

Dear Norris:

Once again, I come to you for the leadership and unfaltering support for the changes important to New Hampshire citizens albeit children. First, the informational part of this letter which is two-fold.

Our Right to Read Center in Laconia has been most methodically following the guidelines from the Right to Read Center in Washington to create a model Right to Read site. Most recent testing results show that their direction has been right on target and they are planning on entering the third year stage ready to expand downward into the elementary schools and into the upper grades as well.

The second point of information is that the National Reading Center at 1776 Massachusetts Avenue in Washington has had a fantastic impact in a workshop which we held on March 12 and 13.

From the initial number of approximately 140 who were trained, we now have nearly 2000 volunteers undergoing training as tutors for our children.

Quite tragically, rumors are now abounding that the reading third year phase, Laconia Project, a $50,000 renewal may be cut tragically by being placed on a different funding basis which, at this late date because budgets for the fiscal year have been set, could mean an immediate disaster unless communication can make clear to the powers that be, that we need warning time to advise us of plan changes so that budgets may be formulated to accommodate them.

I envision that with $50,000 for the third year and reasonable later funding based on earlier predictions, Laconia will be the "hub" of exemplary staff development and reading programs in New Hampshire. But if now that they are on the road to success, funds were to be taken away, it also could be tragic.

I know I don't need to plead with you for your past record has shown that you simply need to be informed of what is needed and important to our country to lead you to action.

My best wishes to you for strength and continued courage with the strain that your overburdening load of work pours upon you.

Sincerely yours,

Mark

Mark Kristoff, Consultant
English and Reading Education

STATE BOARD FUND CONTROL

Senator Cotton. Now, you have answered that to the extent that there would be funds under the control of these people, the State boards, so that they themselves can make up what they think is necessary in the Laconia project.

Dr. Holloway. That is correct. The State educational agency will receive the moneys.

Senator Cotton. I know Senator Stevens has some more matters that he wishes to go into. Unhappily, and most unfortunately, we are bumped out of this room because Chairman McClellan wants it and the next room is taken. We will be working under a handicap this afternoon because we will be over in the other building and subject to rollcalls.

If it is satisfactory to you, the committee will stand in recess and resume at 2:30 in room 1223 of the Dirksen Building.

Senator Stevens. May I not finish with these in about 10 minutes?

Senator Cotton. Certainly.

When you finish, we will reconvene in room 1223 at 2:30, and we will go on with educational activities overseas, and salaries and expenses. If you finish up this educational development, then that will work out.

You take over.

Senator Stevens [presiding]. Thank you very much.

I would like to get back to the drug abuse problem. It was my understanding that you included the alcohol problem in your drug abuse education.

Is that correct?

Dr. Nowlis. It was never assigned to us as an alcohol abuse problem as such, out the purpose of drug abuse education is to put emphasis on drug abuse as behavior. Since alcohol, by any pharmacological or medical criteria, is a drug, and particularly since there is an increasing trend to drop the illegal drugs and increase the use of alcohol, we have moved into this area.

In other words, we do not put special emphasis on particular substances, but deal with the behavioral aspects.

DRUGS AND STUDENT PERFORMANCE

Senator Stevens. I want to know if you have done any studies to determine the effect of the use of drugs, including alcohol, marihuana or whatever, on student performance.

Dr. Nowlis. That is not our charge. That is NIH's charge. The Division of Narcotics and Drug Abuse in NIH has three sections. One of these is research, and they are required to report to Congress annually on research, whether it be pharmacological, demological, education, treatment, rehabilitation.

Senator Stevens. What have you done with the $12.4 million in the past in drug abuse?

Dr. Nowlis. We have given grants to the 55 State and territorial departments of education and provided training for them so that they can run inservice training programs for teachers and provide technical assistance to local school districts. That is one thing.

Senator Stevens. That happens if it is reduced by $9.4 million?

Dr. NOWLIS. The $3 million which we are assigned under section 410 of the Drug Abuse Office and Treatment Act, will be to continue inservice training as well as move specifically into preservice training. If we can train teachers before they begin teaching we will not be in the revolving situation that you have with inservice training where teachers come in and out and move from one district to another. You get more stability.

Senator STEVENS. Would it be correct to say that the $9.4 million will be mainly used for reduced grants to the States?

Dr. NOWLIS. The plans for the $3 million which we will have not been completely worked out yet. We are working now with the Special Action Office, and with NIMH as it moves into wider areas of responsibilities.

Senator STEVENS. Where is the $9.4 million?

DEMONSTRATION PROJECTS

Dr. NOWLIS. The $9.4 million supported 57 demonstration projects, some college based, some community based, and some local school based, which we have just finished funding out of 1973 funds and will operate through June 30, 1974.

Senator STEVENS. If you do not have money in this budget, you will not make commitments to the educational year 1974–75.

Is that right?

Dr. NOWLIS. We will not. These are primarily demonstration projects. With the budget we have, there is no possibility of responding at a service level to all the needs in the country. For instance, when we funded these projects, we had 900 applications asking for about $75 million, and that just is beyond the scope of the response of the Federal Government.

Senator STEVENS. I could not disagree with you more. I do not know of anything that is destroying the morale of every parent I know, more than the increased feeling in the educational community that there is nothing you can do about marihuana and drug abuse.

Dr. NOWLIS. We feel that there is, and we are trying to develop some innovative programs and some models.

Senator STEVENS. Where are you going to get the money to do that? Where is the money in this budget to do that?

Dr. NOWLIS. We are in the process of evaluating these models, from projects that we will have supported for 3 years. We hope to make information from these models available to communities all over the country.

Senator STEVENS. The total amount applied for was $75 million?

Dr. NOWLIS. At that point we had $3 million.

Senator STEVENS. You had $3 million.

Dr. NOWLIS. For community projects.

Senator STEVENS. So you have zero now.

Dr. NOWLIS. Yes, we have no funds budgeted for the community projects.

Senator STEVENS. Is there anyplace those people could go to get funding for the projects?

Dr. NOWLIS. Not $75 million.

Senator **Stevens**. As I understand it, the other budget, they are folding in OEO and other things. They are actually reducing the money they have got.

Mr. **Miller**. Mr. Chairman, I would like an opportunity to place in the record all the funds that are in the Federal budget for drug abuse, not only in HEW but elsewhere, because there is an increase, and there is an increase in HEW money.

Senator **Stevens**. Mr. Miller, I do not care if you have an increase in law enforcement, an increase for courtwork. I want to know what is in this budget for assistance to school districts in schools to meet this fantastic problem.

AVAILABILITY OF FUNDS TO SCHOOL DISTRICTS

Mr. **Miller**. We will try to give you figures on funds which are available to school districts within this budget.

[The information follows:]

Drug Abuse Education Funds Available to School Districts

In fiscal year 1973, a total of $1,040,578 went directly to school districts out of a total appropriation of $12,400,000. A total of $4,394,662 was allocated to projects which had direct impact on elementary and secondary schools.

The fiscal year 1974 program is tentatively targeted to specific community problems and teacher education. The program is subject to the approval of the Special Action Office on Drug Abuse Education.

It should be noted, however, that all projects supported under the Drug Abuse Education program target directly or indirectly on the school-age population.

HELP COMMUNITIES HELP THEMSELVES PHASE

Dr. **Nowlis**. I would like to add one thing in this regard because I think it is important. The third phase of our program is what we call Help Communities Help Themselves, where we give a series of very small, minigrants, to cover training expenses for teams of six to seven people. Last year we funded 800 communities, and this year 900 communities.

Senator **Stevens**. How much money is that?

Dr. **Nowlis**. The training service amounts to $2.8 million. There are eight of them.

Senator **Stevens**. Is that in this budget?

Dr. **Nowlis**. Not in the 1974 budget. It is in the 1973 budget. It is part of our 1973 program.

Senator **Stevens**. Part of that $9.4 million.

Dr. **Nowlis**. Yes.

Senator **Stevens**. I really think someone has missed the point with the problems that are facing parents today. Maybe I am being too subjective, but I face them, and everyone I know faces them. There is nothing available. Apparently these schools are just being overrun with these problems.

Dr. **Nowlis**. The whole point behind the Help Communities Help Themselves program is the recognition that every community in the Nation has or may have a problem, and that there are many things that communities can do if they are aware and knowledgeable and committed to respond to this.

For instance, our community teams, training teams, on the average, receive grants of $2,400. These are used to generate local volunteers or donations in kind. In this way these efforts generate many millions of dollars.

Senator STEVENS. But you are going to cut it out.

Dr. NOWLIS. I think we have demonstrated that it can be done. I believe in the power of persuasion, and the only reason I am here is to persuade people that this kind of thing is important.

Senator STEVENS. Again, I just want to know, is this cut because this is a nice place to cut the budget, or is this money somewhere else?

Dr. NOWLIS. It is a function of this transition from categorical grants to single agencies, to an effort through the Special Action Office to coordinate and concentrate.

Senator STEVENS. That was going to be my next question, Doctor.

Is this another one of these items that is in revenue sharing, that all-wonderful package that we are supposed to pass in 30 days?

Dr. NOWLIS. It has nothing to do with revenue sharing. It has nothing to do with any of the ordinary OEO programs. It was a new program 2½ years ago. It fell in the national priority area.

Senator STEVENS. Is this all your program that you have said will be shifted over to the Action Office?

NATIONAL INSTITUTE ON DRUG ABUSE

Dr. NOWLIS. No. The way in which that would be supported has not been decided. There are several task forces now working on a program that will eventually become the National Institute on Drug Abuse.

Senator STEVENS. I await that information. Mr. Miller, we may want to go into this further, but I want you to know, I think—I was downtown, too, and I can remember the days when people were told to cut the budget, and the cuts were placed where we knew the Congress would put them back.

If you have done that, I am willing to oblige and put them back. If it is something that your career people, that you are telling us that you are going into a new phase, and you can convince us that you are going into a new phase, I am willing to support you.

But, if you think we are going to cut this budget in this area, you sure as hell have another think coming. That is all there is to it, because I know people that are going to offer amendments on the floor to restore these items. I either have to be in the position of telling them they are wrong because it is in another budget, or telling them they are wrong because the educators tell us we should go into a new phase, or tell them they are right and support them.

And this is sort of like the last item, the library services. We went into it at length. As I understand it, that is in the revenue sharing concept, but it must be obvious to the administration by now that we are not going to pass the revenue sharing program.

I would like to know in terms of the library resources, and I would like to put in the record here at this point, what have been the support levels for library resources in the past; what has been the increase, if there has been any.

The indications in the House are that it has been as high as $224 million actual. Under this continuing resolution, actually there is $264 million. You have got an operating level of $137 million, which I would say is at least $50 million less than the average in the last 10 years.

LIBRARY RESOURCES APPROPRIATIONS

Again, the question that we have got, what figures go in here in terms of the 1974 request if we do not pass revenue sharing, because as I assume, at least I hope the administration has, expects us to continue support for libraries if the revenue sharing package does not pass.

[The information follows:]

Library Resources Appropriations

Year:	Appropriation
1964	$7,500,000
1965	55,000,000
1966	181,000,000
1967	224,800,000
1968	208,765,000
1969	150,644,000
1970	101,753,000
1971	150,772,000
1972	176,209,000
1973 Operating Level	[1] 139,587,000
1974	----------

[1] Includes $17,857,000 supplemental appropriation for College libraries, HEA II–A and II–B.

NOTE.—All figures reflect comparability with the 1974 estimate.

DRUG ABUSE

Mr. MILLER. It is a hard question to answer, Mr. Chairman.

Can I go back to drug abuse for 1 minute, and then come back to libraries?

Senator STEVENS. I would be happy to stay on drug abuse all day.

You people get out in the communities and talk to these people. Let me give you a personal example—I have a good friend probably one of the most conservative people I know, whose daughter came in with some marihuana. He said, nobody is going to live under my roof and smoke marihuana, and she caught the next plane for San Francisco. They found her 3 weeks later.

I do not know of a family—I really do not know of a family that has not had problems with drugs in these last 10 years.

Mr. MILLER. We just could not let the record sit with any implication that the administration feels differently. The President has made so many statements on the subject, and the budget carries it out.

Senator STEVENS. But it is all law enforcement.

Mr. MILLER. No: it is not all in law enforcement, not by a long shot. That is why we need to provide you with this table, and I do want to give you one more statistics and make one more plea on the subject because I think the situation between drug abuse and libraries is quite different as far as what the budget policy as reflected in the budget is concerned.

There is just no question that there is no difference between you and the administration with respect to the policy on drug abuse. The budget, no matter what category you look at is up on drug abuse, and the figure I did not have previously, in Project Grants, section 410, there is an increase of $12.8 million. Now, that is a pure increase. It subtracts out the OEO transfers, the LEEA transfers, the community mental health centers and everything else.

So all over the budget there is an emphasis and priority given to drug abuse. On the other hand, I do not want to mislead you, for we cannot categorically say there is going to be a one-for-one substitute for that $9.4 million that is going to be cut out of that particular line item that applies to drug abuse education operated by the Office of Education. I suspect that the total spent on drug abuse education will be up, but I do not want you to think that we can say that there is an absolute substitute for that.

Senator STEVENS. Do you not have the staff?

How long has your staff been dealing with this program?

Dr. NOWLIS. Two and a half years.

Senator STEVENS. You have a staff that has been dealing with drug abuse problems and educators throughout the country regarding drug abuse.

LEADERSHIP TRAINING INSTITUTE

Dr. NOWLIS. We not only have that, but through the Leadership Training Institute, that is associated with our program, we have a pool of about 35 experts from across the Nation in all aspects, whether it is school, or community, or crisis intervention, who are available as technical assistants to all of our projects in these many grant communities.

Senator STEVENS. Is that staff affected by this $9.4 million?

Dr. NOWLIS. Yes.

REDUCTION IN STAFF MEMBERS

Senator STEVENS. Would you put in the record how many will be eliminated?

[The information follows:]

REDUCTION IN DRUG ABUSE EDUCATION STAFF

Because of the lower level of support requested for fiscal year 1974 ($3,000,000 versus $12,400,000 in fiscal year 1973), the number of positions supporting the program will decrease by 8, from 13 to 5.

FUNDING PRIORITIES

Dr. SMITH. It seems to me that one of the things Dr. Nowlis has not emphasized enough is the indecisiveness on the part of the coordinating agency, as to how they are going to prioritize the utilization of the existing funds. There is certainly the possibility that the whole unit may go to NIMH. There is a possibility of a restructuring of the total organization. I ought to mention that whatever it is they have in that category will be called education and Dr. Nowlis will be called upon to administer it. We do not know because those decisions are not made by the Office of Education or HEW. It is in Dr. Jaffe's office that decisions are being made. We are not in a position to be responsive to it at this point in time.

You need to know that there are some uncertainties. I think Dr. Nowlis' point about the fact that they have not made the decision as to where the drug education dimension will be housed. It is possible there will not be the drug education dimension in the Office. It may be elsewhere.

On the other hand we may have the same people that are responsible for this dimension of it there.

Senator **Stevens**. Dr. Smith, you are very persuasive. It is possible that it will be dropped?

Dr. **Smith**. I did not say it was not a possibility.

LIBRARY FUNDING

Mr. **Miller**. On libraries we are in conflict. There, no matter what we recommend with respect to any moneys that will be spent in elementary and secondary education in the absence of the revenue sharing, we can be very certain that we will not be recommending anything earmarked for libraries.

Senator **Stevens**. We have an extreme conflict because I understand they are not in the revenue sharing package, although the assumption has been and the statements have been made in the past that they were.

Mr. **Miller**. Only that they are available for use, but when you look at the money in the revenue sharing package, there the dollars were not put in that were formerly devoted to libraries.

Senator **Stevens**. The comments that were made by revenue sharing with regard to libraries were really referring to money that we gave them last year under general revenue sharing.

Mr. **Miller**. Yes.

Senator **Stevens**. I will stay off libraries.

We are going to have a specific afternoon next week, apparently, on that.

Again, we are having extreme trouble, at least I am, with all these transfers from OEO, all these consolidations into this action office on drugs. I think this is the most messed up budget I have ever seen in terms of the policy assumptions on what Congress is going to pass. "Let's have Congress do this or that," and we have not done any of it.

STATE GRANTS

Senator Cotton brought up the matter of time for decisionmaking. This concerns me because my State legislature is adjourned. There is no way possible they could provide the money to continue these programs if they have been relying on State grants. That money they appropriated is for September to June of next year.

This money, if it is not going to be carried over, in terms of your program—if I have not misunderstood you—you will commit now out of 1973 moneys for the school year 1974–75.

Dr. **Smith**. 1973–74.

Dr. **Nowlis**. That is right.

Senator **Stevens**. The real problem will come—if we do not put in this money—in the school year 1974–75.

Dr. **Nowlis**. Yes.

Senator **Stevens**. Then we would get a chance at that in terms of a supplemental if this does not work out.

Dr. **Nowlis**. I would assume so.

Senator STEVENS. I will not belabor it. I just want you to know that I want to help you in any way I can to keep that unit of yours going and get more money and more emphasis on this drug abuse education, because you can have all the law enforcement you want.

I do not mind if the record shows it. They arrested one of my kids twice. You know what they did? They just turned him loose. They said, "We have got so many of them." They would not keep him in jail overnight. I would have liked to have had him stay in jail overnight. There are just so many of them they do not care. Unless there is some way to get at this through the educational program, everybody is going to have the same experience.

Dr. NOWLIS. Our main concern is what we talk about as primary prevention, getting in there before and preventing it.

Senator STEVENS. You have done such a great job on cigarettes. I've got a kid that hates cigarettes but smokes marihuana. We have passed a law saying this is dangerous to your health, but nobody is telling these kids that marihuana is dangerous to their health. I think you should pass out a copy of Richie to everybody in the whole thing. Somehow or another you have got to give us the information as to what is going on. Somebody's got a heavy pencil on this thing. We will be glad to sort of straighten that out.

I appreciate your time and I want to apologize to you for holding up.

Thank you very much.

JUSTIFICATION

The justification for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

EDUCATIONAL [RENEWAL] *DEVELOPMENT*[1]

For carrying out, to the extent not otherwise provided, title [s VII and][2] VIII of the Elementary and Secondary Education Act, parts[3] B-1 *($37,500,000), D*[3] *($33,875,000), and E*[3] *($2,100,000)*[4] of the Education Professions Development Act, *without regard to section 501(b) of such Act,*[4] [section 309 of the Adult Education Act, as[5] amended, section 222(a)(2) of the Economic Opportunity Act of 1974, as amended,][6] part IV of title III of the Communications Act of 1934, the Cooperative Research Act (except section 4), [the Drug Abuse Education Act of 1970,[7] the Environmental Education Act,[8] and sections 402 and 412 of the General Education Provisions Act,][9] *and section 410 of the Drug Abuse Office and Treatment Act of 1972,* [$242,550,000] *$120,375,000, of which* [$13,000,000] *$10,000,000* shall be for educational broadcasting facilities and shall remain available until expended.

[For an additional amount for "Educational renewal" including sections 502 and 504, parts B-1,C, D, E, and F of the Education Professions Development Act, and section 400 of the General Education Provisions Act, $81,165,000.][10]

Explanation of Language Changes

1. Change of appropriation title to reflect more accurately the activities included in this account.

2. The Bilingual Education program authorized by title VII has been transferred to "Elementary and Secondary Education."

3. Pluralize "part" and add section D and E which were not included in the Supplemental Appropriations Act of 1973, nor in the vetoed bill. Part B-1 was partially funded by both appropriations bills.

4. The proposed language overcomes set-aside requirements in the basic law.

5. The adult education teacher training and special projects programs authorized by section 309 of the Adult Education Act have been transferred to "Occupational, Vocational, and Adult Education."

6. The Follow Through program authorized by section 222(a)(2) of the Economic Opportunity act of 1964 has been transferred to "Elementary and Secondary Education."

7. The authorization for programs under the Drug Abuse Education Act of 1970 expires at the end of fiscal year 1973. It is being replaced with the broader and more recent authority of the Drug Abuse Office and Treatment Act of 1972.

8. No funds are being requested for the environmental education program.

9. The programs authorized under this authority have been transferred to "Salaries and Expenses." The programs, and their 1974 funding levels are: Planning and Evaluation ($10,205,000), General Program Dissemination ($750,000), National Advisory Council on the Education Professions Development ($150,000), and the National Advisory Council on Bilingual Education ($50,000).

10. Deletion of language included in the Supplemental Appropriations Act, 1973.

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$184,850,000	$120,375,000
Enacted supplemental appropriation	81,165,000	---
Proposed supplemental appropriation	57,700,000	---
Subtotal, appropriation	323,715,000	120,375,000
Real transfer to:		
"National Institute of Education"	-17,000,000	---
Comparative transfers to:		
"Elementary and Secondary Education"	-92,780,000	---
"Occupational, Vocational, and Adult Education"	-10,000,000	---
"Salaries and Expenses"	-11,155,000	---
"National Institute of Education"	-7,000,000	---
Subtotal, budget authority	185,780,000	120,375,000
Enacted appropriation proposed for recission	-11,890,000	---
Total, obligations	173,890,000	120,375,000

Obligations by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Education professions development:			
(a) Teacher Corps..................	$ 37,500,000	$ 37,500,000	$ ---
(b) Elementary and secondary development............................	53,660,000	33,875,000	-19,785,000
(1) Urban/rural..............	(12,135,000)	(11,022,000)	(-1,113,000)
(2) Career opportunities......	(23,572,000)	(22,853,000)	(-719,000)
(3) Categorical programs......	(13,841,000)	(---)	(-13,841,000)
(4) Exceptional children......	(4,112,000)	(---)	(-4,112,000)
(c) Vocational education............	6,900,000	---	-6,900,000
(d) New careers in education........	500,000	---	-500,000
(e) Higher education................	8,000,000	2,100,000	-5,900,000
National priority programs:			
(a) Educational technology demonstrations..........................	19,000,000	13,000,000	-6,000,000
(1) Educational broadcasting facilities.............	(13,000,000)	(10,000,000)	(-3,000,000)
(2) Sesame Street and The Electric Company........	(6,000,000)	(3,000,000)	(-3,000,000)
(b) Drug abuse education............	12,400,000	3,000,000	-9,400,000
(c) Right to read..................	12,000,000	12,000,000	---
(d) Environmental education.........	3,180,000	---	-3,180,000
(e) Nutrition and health............	2,000,000	---	-2,000,000
(f) Dropout prevention..............	8,500,000	4,000,000	-4,500,000
Data systems improvement:			
(a) Educational statistics:.........	4,250,000	7,900,000	+3,650,000
(1) Surveys and special studies................	(4,250,000)	(7,400,000)	(+3,150,000)
(2) Common core of data.......	(---)	(500,000)	(+500,000)
(b) National achievement study......	6,000,000	7,000,000	+1,000,000
Total obligations.........................	173,890,000	120,375,000	-53,515,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Printing and reproduction...............	$ 127,000	$ 227,000	$ +100,000
Other services:			
Project contracts......................	4,160,000	6,858,000	+2,698,000
Grants, subsidies and contributions......	169,603,000	113,290,000	-56,313,000
Total obligations by object............	173,890,000	120,375,000	-53,515,000

Summary of Changes

1973 Estimated obligations	$173,890,000
1974 Estimated obligations	120,375,000
Net change	-53,515,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Teacher Corps	$ 19,260,800	$ +239,200
B. Program:		
1. Surveys and special studies	4,250,000	+3,150,000
2. Common core of data	---	+500,000
3. National achievement study	6,000,000	+1,000,000
Subtotal	---	+4,650,000
Total, increases	---	+4,889,200
Decreases:		
A. Built-in:		
1. Teacher Corps	18,239,200	-239,200
2. Dropout prevention	8,500,000	-4,500,000
Subtotal	---	-4,739,200
B. Program:		
1. Urban/rural	12,135,000	-1,113,000
2. Career opportunities	23,572,000	-719,000
3. Categorical programs	13,841,000	-13,841,000
4. Exceptional children	4,112,000	-4,112,000
5. Vocational education	6,900,000	-6,900,000
6. New careers in education	500,000	-500,000
7. Higher education	8,000,000	-5,900,000
8. Educational broadcasting facilities	13,000,000	-3,000,000
9. Sesame Street and The Electric Company	6,000,000	-3,000,000
10. Drug abuse education	12,400,000	-9,400,000
11. Environmental education	3,180,000	-3,180,000
12. Nutrition and health	2,000,000	-2,000,000
Subtotal	---	-53,665,000
Total, decreases	---	-58,404,200
Total, net change	---	-53,515,000

Explanation of Changes

Increases:

A. Built-in:

1. Teacher Corps.--The number of continuing participants increases by 14 in fiscal year 1974 from 3,216 to 3,230.

B. Program:

1. Surveys and special studies.--About $1,470,000 of the increase is to fund the Joint Federal-State Task Force on Evaluation which was funded by the planning and evaluation activity in fiscal year 1973 at the level of $840,000. The remaining increase of $1,680,000 will be used to initiate a survey of non-collegiate post-secondary schools, for expediting publication of reports, and for the first follow-up of the National Longitudinal Study of the High School Class of 1972.

2. Common core of data.--This request will continue planning for an integrated and interlocking system of educational statistics to meet the needs of educational agencies and institutions for planning and management.

3. National achievement study.--The increase of $1,000,000 will provide for more dissemination and reporting of results, increased technical assistance to States, and the development of analysis and reporting formats for comparing first and second cycle data.

Decreases:

A. Built-in:

1. Teacher Corps.--This decrease is a result of the increase in continuation costs. As a result, the number of new participants will be 14 less than the 1,700 that were funded in 1973.

2. Dropout prevention.--Of the 21 projects funded in fiscal year 1973, only nine will be continuing. Two new projects started in 1973 were for one year only. In addition, 10 five-year projects started in 1969 received their final year of funding in fiscal year 1973.

B. Program:

1. Urban/rural.--The decrease is caused by reducing the funding level of continuing projects. The number of projects will remain the same as in 1973 at 41 operational projects and 12 developmental assistance projects.

2. Career opportunities.--The request will fund 130 projects which will train 8,800 educational personnel, the same level as in 1973, but at a reduced funding level.

3. Categorical programs.--The 1973 funding level of $13,841,000 includes $2,730,000 for training teachers of Indian children, $2,730,000 for training bilingual education personnel, and $8,381,000 for other educational personnel development. These programs are not being continued in 1974.

4. Exceptional children.--This program, funded at a level of $4,112,000 in fiscal year 1973, is being discontinued in 1974.

5. Vocational education.--This program, authorized by Part F, of the Education Professions Development Act, was funded at $6,900,000 in 1973. No funds are requested for fiscal year 1974.

6. New careers in education.--Since there is a current and projected teacher surplus, this program will be discontinued in 1974. The 1973 level of funding is $500,000.

7. Higher education.--In fiscal year 1974, no funds are requested for institutes and short-term training programs which were funded at $5,132,000 in fiscal year 1973. A reduction of $768,000 in the fellowship program will drop the number of fellowships by 119, from 441 in 1973 to 322 in 1974.

8. Educational broadcasting facilities.--The reduced funding level of $10,000,000 will provide support for 52 projects, a decrease of 23 from the 1973 level of 75 projects.

9. Sesame Street and The Electric Company.--The funding level is being decreased from $6,000,000 in 1973 to $3,000,000 in 1974 because of decreased requirements in the development area coupled with increased self-generated revenue by the Children's Television Workshop.

10. Drug abuse education.--The program is being decreased because the basic purposes of the Drug Abuse Education Act of 1970 have been fulfilled. Under the new legislative authority of the Drug Abuse Office and Treatment Act of 1972, continuing support will be provided to local communities and various colleges.

11. Environmental education.--This program, funded at a level of $3,180,000 in 1973, is not being continued in fiscal year 1974.

12. Nutrition and health.--No funds are requested for this program in 1974. The 1973 level of funding was $2,000,000.

Authorizing Legislation

Legislation	1974	
	Authorized	Appropriation requested
Elementary and Secondary Education Act:		
Title VIII -- General Provisions:		
Section 807 -- Dropout prevention projects	$ 1/	$ 4,000,000
Education Professions Development Act:		
Part B-1 -- Teacher Corps	2/	37,500,000
Part D -- Improving training opportunities for personnel serving in programs of education other than higher education	2/	33,875,000
Part E -- Training programs for higher education personnel	2/	2,100,000
Communications Act of 1934:		
Title III, Part IV -- Grants for non-commercial educational broadcasting facilities	1/	10,000,000
Cooperative Research Act	68,000,000	29,900,000 3/
Drug Abuse Office and Treatment Act of 1972:		
Section 410 -- Special project grants and contracts.	100,000,000	3,000,000

1/ Pending extension legislation.

2/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

3/ An additional amount of $35,000,000 is requested under this authority under the Occupational, Vocational, and Adult Education appropriation account.

Elementary and Secondary Education Act of 1965

TITLE VIII—GENERAL PROVISIONS

DROPOUT PREVENTION PROJECTS

SEC. 807.

(c) For the purpose of carrying out the provisions of this section, there is hereby authorized to be appropriated $30,000,000 for each of the fiscal years ending June 30, 1970, and June 30, 1971, $31,500,000 for the fiscal year ending June 30, 1972, and $33,000,000 for the fiscal year ending June 30, 1973.

Higher Education Act of 1965

(P.L. 89-329)

TITLE V—EDUCATION PROFESSIONS DEVELOPMENT

PART A—GENERAL PROVISIONS

STATEMENT OF PURPOSE

SEC. 501. (a) The purpose of this title is to improve the quality of teaching and to help meet critical shortages of adequately trained educational personnel by (1) developing information on the actual needs for educational personnel, both present and long range, (2) providing a broad range of high quality training and retraining opportunities, responsive to changing manpower needs; (3) attracting a greater number of qualified persons into the teaching profession; (4) attracting persons who can stimulate creativity in the arts and other skills to undertake short-term or long-term assignments in education; and (5) helping to make educational personnel training programs more responsive to the needs of the schools and colleges.

(b) For the purpose of carrying out the provisions of this title, there are authorized to be appropriated $200,000,000 for the fiscal year ending June 30, 1973, $300,000,000 for the fiscal year ending June 30, 1974, and $450,000,000 for the fiscal year ending June 30, 1975.

Educational Television

Educational Television Broadcasting Facilities

An ACT To amend the Communications Act of 1934 to establish a program of Federal matching grants for the construction of television broadcasting facilities to be used for educational purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the Communications Act of 1934 is amended by adding at the end thereof the following new part:

Part IV—Grants for Noncommercial Educational Broadcasting Facilities; Corporation for Public Broadcasting

SUBPART A—GRANTS FOR FACILITIES

DECLARATION OF PURPOSE

SEC. 390. The purpose of this subpart is to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities.

(47 U.S.C. 390) Enacted May 1, 1962, P.L. 87–447, 76 Stat. 64; amended Nov. 7, 1967, P.L. 90–129, secs. 103(a), 201(1), 81 Stat. 365, 367.

AUTHORIZATION OF APPROPRIATIONS

"SEC. 391. There are authorized to be appropriated for the fiscal year ending June 30, 1973, such sums, not to exceed $25,000,000 as may be necessary to carry out the purposes of section 390. Sums appropriated under this section shall remain available for payment of grants for projects for which applications, approved under section 392, have been submitted under such section prior to July 1, 1974."

Cooperative Research Act (P.L. 531, 83rd Cong.), as Amended

"SEC. 3. There are authorized to be appropriated for purposes of section 2, $58,000,000 for the fiscal year ending June 30, 1973, $68,000,000 for the fiscal year ending June 30, 1974, and $78,000,000 for the fiscal year ending June 30, 1975.".

Public Law 92-255

Drug Abuse Office and Treatment Act of 1972

§ 410. Special project grants and contracts.

(b) There are authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1972; $65,000,000 for the fiscal year ending June 30, 1973; $100,000,000 for the fiscal year ending June 30, 1974; and $160,000,000 for the fiscal year ending June 30, 1975, to carry out this section.

Explanation of Transfers

	1973 Estimate	Purpose
Real transfer to:		
National Institute of Education	$-17,000,000	This transfer includes the District of Columbia School Project and all dissemination activities in "Educational Renewal" except general program dissemination. This transfer is directed by the Conference Report on the Education Amendments of 1972, and appropriation language for the National Institute of Education contained in the Supplemental Appropriations Act, 1973.
Comparative transfers to:		
Elementary and secondary education	-92,780,000	Transfer of the Follow Through program and the Bilingual Education program to the Elementary and Secondary Education appropriation. This transfer is being made to align the appropriation structure with the organizational structure managing the programs.
Occupational, vocational, and adult education	-10,000,000	Transfer of adult education teacher training and special projects programs to the Occupational, Vocational, and Adult Education appropriation. This transfer is being made to align the appropriation structure with the organizational structure managing the programs.
Salaries and expenses	-11,155,000	These amounts are being transferred to consolidate all administrative-management costs in one appropriation. The major portion of the transfer, $10,205,000, is for planning and evaluation for all Office of Education programs. The remainder is comprised of $200,000 for advisory councils and $750,000 for general program dissemination.
National Institute of Education	-7,000,000	This transfer of the educational technology demonstrations activities is part of the continuing definition of Office of Education-National Institute of Education functions and roles.

Educational Development

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000
1965	50,000,000	50,000,000	50,000,000	50,000,000
1966	86,076,000	81,076,000	80,576,000	80,439,000
1967	140,774,000	96,902,000	91,902,000	84,610,000
1968	129,590,000	90,090,000	108,190,000	103,590,000
1969	205,578,000	145,430,000	170,630,000	134,630,000
1970	169,650,000	141,287,000	192,275,000	141,868,050
1971	180,144,000	174,644,000	203,797,000	185,797,000
1972	184,389,000	194,389,000	208,139,000	203,154,000
1973	201,175,000	74,800,000[1]	78,300,000	---
1973 Supplemental	69,125,000	2/	69,125,000	69,125,000[3]
1973 Proposed budget amendment	-10,650,000			
1974	120,375,000			

1/ Of the request, $126,195,000 was not considered by the House or Senate. These amounts were dependent upon extending legislation.

2/ Not considered.

3/ Total amount appropriated was $81,165,000, of which $11,890,000 was in the Rescission request and $150,000 is included in the Salaries and Expenses appropriation for a National Advisory Council on Education Professions Development in order to maintain comparability.

General Statement

The 1974 budget for the training of Education Professions personnel is being reduced substantially. The proposed reductions reflect the following considerations:

1) The general surplus of educational personnel at the elementary and secondary level,

2) Increasing reliance on the operation of supply and demand in the private marketplace to attract persons into shortage areas,

3) Increasing reliance on general student assistance as a means of allowing persons to enter whatever professional field they wish. Substantial new funds for general student assistance are proposed in the 1974 budget,

4) Support for in-service and other forms of training is available under a number of broader purpose educational authorities, such as the Bilingual Education Program authorized by Title VII of the Elementary and Secondary Education Act, vocational training authorized under the Vocational Education Act and other training opportunities authorized under other elementary and secondary formula

grant programs. Even though these programs are being folded into special education revenue sharing in 1974, it is not expected that the new revenue sharing authority will be any more restrictive--but rather more flexible.

The 1974 budget would continue support for selected training activities which have a high impact on the education of disadvantaged children and career opportunities for disadvantaged educational personnel. These activities include the Teacher Corps program, which trains young teachers to work with disadvantaged youth; urban-rural programs, which address the needs of entire school systems in urban and rural areas to improve the educational opportunities of disadvantaged children; and career opportunity programs, which enable disadvantaged persons to enter the elementary and secondary school system and to advance themselves to more responsible positions through specially designed career ladders.

Education Professions Development

	1973	1974	Increase or Decrease
(a) Teacher Corps......................	$ 37,500,000	$ 37,500,000	$ ---
(b) Elementary and secondary development:			
(1) Urban/rural..................	12,135,000	11,022,000	-1,113,000
(2) Career opportunities.........	23,572,000	22,853,000	-719,000
(3) Categorical programs.........	13,841,000	---	-13,841,000
Teachers of Indians........	(2,730,000)	(---)	(-2,730,000)
Bilingual personnel........	(2,730,000)	(---)	(-2,730,000)
Other personnel development	(8,381,0000	(---)	(-8,381,000)
(4) Exceptional children.........	4,112,000	---	-4,112,000
(c) Vocational education..............	6,900,000	---	-6,900,000
(d) New careers in education...........	500,000	---	-500,000
(e) Higher education..................	8,000,000	2,100,000	-5,900,000
Budget authority and obligations.	106,560,000	73,475,000	-33,085,000

	1973 Estimate	1973 Estimate	Increase or Decrease
(a) Teacher Corps........................	$37,500,000	$37,500,000	---

Narrative

Program Purpose:

The dual purposes of the Teacher Corps, as stipulated in the Higher Education Act of 1965, Title V, Part B-1, are (a) to improve educational opportunities for children of low income families, and (b) to improve the quality of programs of teacher education for both certified teachers and inexperienced teacher-interns.

This program brings teams of bright and capable college graduates and experienced teachers into low-income schools as interns. After two years of internship, these recruits are fully qualified to teach in these schools and in most cases remain there. It promotes the revision of training programs and teacher recruitment and selection procedures towards performance and competency bases. It promotes the differentiating of roles within the schools.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, the Teacher Corps, through its coalition of university, school districts, and community thrust, provided training for approximately 4,700 interns and experienced teachers serving in 279 project sites. In addition, 2,000 served as volunteers and 1,500 received training under a new program designed to permit permanent school personnel the opportunity to contribute to the effectiveness of a project's operation. This particular arrangement permitted on-site instruction to occur and provided for the field testing of new ideas and concepts without the normal delay usually associated with product validation. As a result of this collaborative design for change, the program directly affected 95,000 children throughout the Nation's schools among whom 38 percent were from families with annual incomes of less than $3,000.

During fiscal year 1973, the Teacher Corps maintained the 1972 level of participants. The number of projects increased, however, by reducing the average number of participants in each. This arrangement has proved successful for disseminating, over a wider populated area, those elements connected with Competency Based Teacher Education models. During this fiscal year, the Teacher Corps has continued to place heavy emphasis on developing and implementing projects that serve populations with special needs. For example, approximately $3.7 million has been granted for the Indian projects currently in operation. This compares with $18,000 provided in fiscal year 1967. A similar emphasis has been placed on corrections projects. Funding support has increased from $130,000 in fiscal year 1968 to slightly over $2,000,000 for the 6 projects currently in operation. The Teacher Corps has also provided support for the assessment of competencies that corpsmembers should have to work with linguistically and culturally different children. Such information is being used along with other materials for systematic management planning and is now being tested at a variety of Teacher Corps sites and bilingual programs across the nation. There are currently 33 Teacher Corps projects in the bilingual area.

A recently completed Office of Education survey states that of those interns graduating in June of 1972, 87 percent remained in education and of this number, 78 percent were teaching in schools serving low income families. Comparable updated figures for the 1971 graduates indicate that 73 percent are still in education and 58 percent are in low income school districts. For the 1970 graduates, the current figures are 71 percent and 51 percent respectively.

Request for fiscal year 1974:

The program will support a design for improving the learning opportunities of children and the retraining of teachers and the training of interns which combines new curricular developments with team teaching, more individualized instruction, and a strategy for disseminating this experience throughout an entire school system. Local education agencies, institutions of higher learning and representatives from the communities where projects are located will collaborate in implementing this design. There will be shifts in emphasis to a greater Teacher Corps role in retraining regular teachers and in the relative emphases on the roles of schools, universities, and communities within Teacher Corps coalitions.

Program strategy in fiscal year 1974 envisages the direction of at least 50 percent of Teacher Corps instructional funds towards the upgrading of the competencies of the experienced teachers with whom the inexperienced interns will work. The remaining resources will be directed toward the training of interns and the employment of this training in the improvement of the quality of the programs of teacher education for both experienced and inexperienced teachers. Teacher Corps project sites will be carefully selected, recognizing where possible existing shortages of teachers in subject areas (e.g., bilingual), geographical or demographic (e.g., inner cities, rural Appalachia, etc.), and teaching levels (e.g., early childhood) where the greatest impact upon change may be projected.

In response to its mandate to improve the quality of teacher education programs, Teacher Corps will again increase its emphasis upon the building of training and licensing systems around the specific competencies needed to function effectively in the schools today. As part of this mandate, and as an effort to improve the numerous Teacher Corps operational sites, individual sites in at least five States will be identified to work closely with their State educational agencies in the improvement of State licensing and training systems, using existing Teacher Corps models for institutional change.

Teacher Corps Projects*

	1972 Actual			1973 Estimate			1974 Estimate		
	No. of Part.	No. of Proj.	Funding	No. of Part.	No. of Proj.	Funding	No. of Part.	No. of Proj.	Funding
New..........	1,685	105	$18,408,824	1,700	120	$18,239,200	1,686	120	$18,000,000
Continuation.	3,041	174	19,091,176	3,216	192	19,260,800	3,230	225	19,500,000
Total......	4,726	279	37,500,000	4,916	312	37,500,000	4,916	345	37,500,000

*Each Teacher Corps program is composed of a group of project grants; i.e., one to an institution of higher education (IHE) and several to local education agencies (LEA). The number of projects indicated above include both grants to IHE's and LEA's.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D):			
(1) Urban/rural school development program.........................	$12,135,000	$11,022,000	$-1,113,000

Narrative

Program Purpose:

This program was designed to help improve schools and school systems throughout the country by means of staff development programs developed with local school-community councils involved in the process of education. There are three planned models: (1) one which concentrates on the entire staff of a single school, a trio of schools that feed each other, or, in some rural areas, clusters of 5-10 schools; (2) one which involves a larger target area in an urban or rural school district; and (3) one which provides training and staff development in centers run by state education authorities in collaboration with one or more local school districts. Institutions of higher education are involved in all sites.

The central focus of this program is on improving educational services to a target population of students from low-income families.

In order to help school systems become more effective and efficient, the program must affect the key decision-making processes at the local level, improve the effectiveness of its major resource--the school staff--and provide incentives to make the local effort feasible, worthwhile, and, in the long term, a lasting part of the system.

There are two developmental assistance components of each of the three variations of the Urban/Rural School Development Program. One is the development of teacher training models based on the concept of demonstrated knowledge and performance competencies, rather than on the traditional method of learning theory from books only (competency or performance-based teacher education). The other component is the development of materials designed to teach specific concepts of learning and teaching behavior.

Accomplishments in fiscal years 1972-1973:

There are 41 current projects including about 6,500 school staff and community members. Funds appropriated in fiscal year 1972, and expended during academic year 1972-73 provided for extensive developmental assistance to each of these 41 sites for the difficult and sensitive process of establishing viable school-community councils and initiating local needs assessment activities. The length of time spent on these activities has resulted in better school-community rapport and agreement on priorities. It is expected to pay off in a significantly higher quality of education for the students involved. Once needs assessments were completed, training designs were developed with institutions of higher education, and the actual staff development activities were begun.

Expenditure of fiscal year 1973 funds will vary according to the stage of development of the various models. All school-community councils are in operation and plans are being developed for more intensive training for staff and council members during the coming year. Process evaluation and on site developmental assistance will be intensified to aid management and staff members as they move into more fully developed comprehensive staff development systems. Academic year 1973-74 will be the second operational year in a projected five-year operational program of support to the 41 sites. Beginning July 1, 1973 this program will be administered by HEW regional offices. Training of regional staff, and of central Federal staff to be decentralized, is currently underway.

National program developmental assistance and training will be the function of the central office staff. Their primary responsibility will be to coordinate national program activities conducted by the Stanford Urban/Rural Leadership Training Institute and the University of South Florida Leadership Training Institute. Stanford is training Urban/Rural School Development project directors and school-community council members, and South Florida is developing training for protocol and training materials to be used by operating projects.

Request for fiscal year 1974:

During this year, the following objectives should be reached:

(a) Support will be continued for the 41 existing operational projects and 2 developmental assistance projects, with plans developed for local adoption as federal financial assistance begins to diminish.

(b) Program monitoring operations will have been assumed by the HEW regional office staff.

(c) Case studies, handbooks, training and other materials will be compiled for dissemination and replication by other sites.

(d) The effectiveness of the local school-community council role in planning and implementing staff development programs will be evaluated.

(e) The processes of needs assessment, community involvement, priority setting, program budgeting, and comprehensive planning will be integral parts of the local school system.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D):			
(2) Career opportunities................	$23,572,000	$22,853,000	$-719,000

Narrative

Program Purpose:

This program is a nationwide career lattice model to improve the learning of children from low-income area schools by training as yet untapped personnel resources, such as low-income community residents and Vietnam-era veterans, for positions as paraprofessionals in poverty area schools, toward eventual teacher certification. In attracting personnel to careers in schools serving low-income children, the Career Opportunities Program (COP) aims also at (1) finding better ways of utilizing existing school personnel through developing career lattices of positions, (2) encouraging meaningful participation of parents and communities in educational processes and (3) increasing cooperative relationships among related programs, agencies, and institutions.

Through grants to 130 local education agencies--which subcontract with 214 institutions of higher education--and 50 State departments of education, COP is developing teacher training processes to strengthen both cognitive and affective performance of teaching teams and pupils. By training area community personnel together with their cooperating teachers, COP is improving skills and competencies in schools serving low-income children.

Accomplishments in fiscal years 1972-1973:

With fiscal year 1972 funds, 8,800 participants are currently receiving training at 130 COP sites. Extensive developmental assistance has been rendered to sites requesting guidance by teams consisting of experienced staff from local school systems, State departments of education, institutions of higher education and community leaders to explore certification, university and college requirements, and other significant areas in paraprofessional and teacher training and utilization. The COP also initiated a process of review and analysis of program outcomes in terms of cost, numbers of graduates, and placement prospects.

The fiscal year 1973 funds will be expended in academic year 1973-74 to continue all COP projects. Experience and data retrieved from the management information and evaluation system during fiscal year 1972 will be analyzed and, in the course of fiscal year 1973, policy decisions regarding further developmental assistance will be made. The Office of Education will also render staff developmental assistance and encourage further adoption of processes and practices determined to be effective from project experience by local schools and institutions of higher education.

Fiscal year 1973 will be the first year of administration of the COP program by the Department of Health, Education, and Welfare regional offices. Staff training for both regional and central staff is currently underway.

Every COP project has both informal and formal linkages with other government agencies and programs such as Housing and Urban Development, Title I of the Elementary and Secondary Education Act, and the Right to Read Program.

There are currently 8,800 COP participants. Preliminary information on some of these participants indicates the following:

-- There are 1,341 participants who are Vietnam era veterans.
-- There are 611 participants specializing in special education.
-- There are 397 Indian participants.
-- There are 160 COP aides working as supervisors of Youth-Tutoring Youth projects.

In addition, to date 678 COP participants have graduated. Of these, 464 (68%) have been employed by the local education agency in which they were aides. Another 162 (24%) of the graduates are employed by other school systems or are in graduate school.

Request for fiscal year 1974:

1. Continue training for approximately 8,800 participants at 130 sites. Regional office staff will be responsible for program operations.

2. Provide national developmental assistance which will be coordinated and monitored by Central office staff.

3. Determine impact of program in terms of: (a) number of trainees placed in schools and institutions of higher education; (b) mechanisms developed for improving training and recruitment procedures; (c) more meaningful certification criteria and (d) policy implications for institutions of higher education, and State and local education agencies; (e) impact on low-income communities.

4. Incorporate COP experiences in policy determinations and new program approaches designed to aid in the management of educational change.

5. Plan follow-up evaluation of COP graduates activities.

6. Determine, where possible, impact made on children's cognitive and affective learning by the use of paraprofessionals in a sample of COP classrooms.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D)			
(3) Categorical programs:			
a. Teachers for Indian children....	$2,730,000	$---	$-2,730,000

Narrative

Program Purpose:

The purpose of this program is to prepare "persons to serve as teachers of children living on reservations serviced by elementary and secondary schools for Indian children operated or supported by the Department of the Interior, including public and private schools operated by Indian tribes and by nonprofit institutions and organizations of Indian tribes. In carrying out the provisions of this section preference shall be given to the training of Indians." Grants may be made to institutions of higher education and other public and private nonprofit agencies and organizations for the purposes cited above.

Accomplishments in fiscal years 1972-1973:

Although the legislative set-aside for Indian education did not apply to fiscal year 1972 funds, approximately $1,648,000 from Part D was spent on projects which meet the requirements of this amendment. These projects, some of which are cooperative projects with the Bureau of Indian Affairs and the Office of Economic Opportunity are from the Career Opportunities Program, the Educational Leadership Program, and the Pupil Personnel Services Program. Other programs, e.g., Section 504, also impact on the Indian population, but are not included in this figure.

In fiscal year 1973, funds will be used to continue the above mentioned multi-year funded projects at a level of $1,700,000. An additional $1,030,000, therefore, will be spent for new one-year projects or new components to existing projects, under the Teachers for Indian Children Program. The overall goal will be to increase, through recruitment and training, the number of Indians teaching Indian children, although efforts will also be made to increase the skills and understandings of teachers currently serving children on reservations, and to provide career lattices for potential Native American teachers.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial support for persons who wish to become teachers of Indian children will be available in the form of general student support under the Higher Education budget, where major increases in funding are proposed. Furthermore, support for training teachers of Indian children is available under other broader purpose authorities. For example, the Bureau of Indian Affairs trains Indian paraprofessionals for staffing Federal schools, and provides funds for teacher training and educational leadership. Also, the Teacher Corps program in fiscal year 1974 will spend about $3,700,000 on programs which are training corpsmembers in schools serving Indian children.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D)			
(3) Categorical programs:			
b. Bilingual education personnel training......................	$2,730,000	$ ---	$-2,730,000

Narrative

Program Purpose:

This program is authorized for the training of teachers for service in programs for children with limited English speaking ability. Grants may be made to institutions of higher education, local education agencies, and state education agencies to improve the qualifications of persons who are serving or preparing to serve in elementary or secondary schools, or to supervise or train persons so serving.

Accomplishments in fiscal years 1972-1973:

The legislative set-aside for bilingual education did not apply to fiscal year 1972 funds, although grants have been made to support projects serving Puerto Ricans, Chicanos, Cubans, and other Latin Americans as well as Sioux and Navajo Indians. In 1973 funds will be used to support ongoing projects with multi-year commitments which meet the requirements of this mandate. Approximately 12 bilingual projects will be funded. Preference in participants is given to bilingual, bicultural personnel, and when possible, preference in the selection of trainees has been given to personnel involved in projects funded under Title VII of the Elementary Secondary Education Act. This program is helping to develop educational personnel as well as fostering institutional change. Persons being trained include teachers, aides, supervisors, and trainers of teachers.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial support for persons interested in a career in bilingual education will be available in the form of general student support under the Higher Education budget where major increases in funding are proposed. In addition, support for the training of bilingual teachers is authorized under Title VII of the Elementary and Secondary Education Act and under the special bilingual education set-aside program in the Emergency School Aid Act. Furthermore, programs for training bilingual teachers for Cuban refugees are supported by the Social Rehabilitation Service. The Office of Child Development provides some funds for staff development in their Head Start program, which serves the bilingual population, among others. Also, the Teacher Corps program in fiscal year 1974 will spend approximately $4,000,000 on training corpsmembers in schools serving a bilingual population.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Elementary and secondary development (EPDA, Part D)			
(3) Categorical programs:			
c. Personnel development..........	$8,381,000	$ ---	$-8,381,000

Narrative

Program Purpose:

This program provides for educational personnel development projects aimed at all levels and stressing particular skills needed to improve services to children in regular classrooms, with an emphasis on low-income children. Grants are made to institutions of higher education, State educational agencies, and local education agencies to strengthen skills of existing educational personnel in such areas as teaching exceptional children in regular classrooms, guidance and counseling, early childhood education, educational leadership, and knowledge and use of protocol and training materials.

Accomplishments in fiscal years 1972-1973:

Multi-year funded grants made with fiscal year 1972 monies generally are used for training efforts in the academic year 1972-73. Thirty-six grants have been made to support continuing teacher trainers in the area of early childhood education. Twenty-nine projects have been funded for training the trainers of educational personnel, for an estimated 5,000 participants. Grants are being used to give advanced training in educational leadership to approximately 2,000 personnel. Approximately 10 projects are developing differentiated staffing patterns in school systems and approximately 1,200 persons (current teachers, people from surrounding communities, guidance counselors, and trainers of teacher) are receiving training in pupil personnel services or counseling and guidance.

In 1973 funds will enable the continuation of multi-year funded ongoing projects described above for operation in academic year 1973-74. Within the context of these programs special emphasis will be placed on developing strategies for capitalizing on lessons learned in these educational personnel development programs and encouraging institutional reform in the field.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974 because of the surplus of general educational personnel. As noted above, these forward funded projects will be actually operating during fiscal year 1974. Future financial support for those who desire a career in education will be available in the form of general student support under the Higher Education appropriation where major increases are proposed. Furthermore, support for training of early childhood teachers would be available from the Office of Child Development. States and localities will also be able to use Special Education Revenue Sharing funds to train existing educational personnel if such training represents a sufficiently high priority.

	1973 Estimate	1974 Estimate	Increase or Decrease
b. Elementary and secondary development (EPDA, Part D)			
(4) Exceptional children................	$4,112,000	$ ---	$-4,112,000

Narrative

Program Purpose:

This program trains educational leaders, regular classroom teachers and other educational personnel to deal effectively with exceptional children who are in regular, rather than special, classrooms. The need for this training is based on two factors: (1) there is a shortage of specially trained teachers; and (2) there is a growing trend toward moving children who are physically handicapped or have other learning difficulties into the mainstream of regular classrooms where teachers are generally not equipped to meet their needs. This program, therefore, concentrates on:

a) training inservice regular classroom personnel to identify children with potential or current handicapping conditions and to diagnose, prescribe, and implement an educational program for such children, and training educational leaders to facilitate such training programs.

b) developing training and protocol materials necessary to implement such a training program.

c) providing developmental assistance to local and State educational agencies and institutions of higher education to help them develop training for educational personnel to work with exceptional children.

Accomplishments in fiscal years 1972-1973:

Approximately 1,322 persons are participating in innovative training programs for the preparation of leadership personnel in teaching exceptional children with an emphasis in the early childhood area.

To date there have been approximately 15,000 minority people in leadership positions who have been participants in these programs. As a result of this the number of minority people moving into leadership positions has greatly increased. All projects have been in low-income areas where the incidence of handicapping conditions has been greatest. This has permitted working directly with the people most affected.

The Houston Independent School project is the first one in the State of Texas to implement the five-year plan to transfer all handicapped children to regular classrooms. This project could provide a model for the rest of the nation. The

Pennsylvania University Project has a teacher training van which is touring the smaller towns of Pennsylvania. It is bringing a special curriculum to the teachers in this area. This may open a new means of training teachers who are in rural areas.

Recent court decisions (e.g., District of Columbia, Massachusetts, Pennsylvania, California) have mandated the integration of exceptional children into regular classrooms. This trend is growing and there is a proliferation of similar cases pending. The need, therefore, for existing regular classroom teachers to receive training which will enable them to meet the needs of these children with special problems, is greater than ever. During academic year 1973-74, 16 projects will be operational with 1973 funds. One of these will produce training materials. In addition, three field-based developmental assistance centers will be funded which focus upon educational leaders and trainers of teachers and experienced educational personnel. Every effort will be made, with limited funds, to provide assistance to those states and school districts undergoing change as a result of court decisions or legislative mandate.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial support for persons who wish to learn to teach handicapped children will be available in the form of general student support under the Higher Education budget where substantial increases in funding are being proposed. In addition, the Education for the Handicapped program provides funds, under the special education and manpower development program, for training the professional teacher in methods of educating the handicapped in the regular classroom. The training for teaching exceptional children is also an integral part of the Teacher Corps, urban/rural, and career opportunities programs, which are concentrating on school populations which come from low-income families. Inservice training of teachers to give them the skills necessary to teach exceptional children will also be possible under Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
(c) Vocational education......................	$6,900,000	$ ---	$-6,900,000

Narrative

Program Purpose:

This activity provides support to assist State and local education agencies and institutions of higher education in strengthening their efforts in recruiting and training individuals for the broad aspects of career and vocational education. Grants are made to institutions of higher education, that offer graduate study in a comprehensive program of vocational education that is approved by the State boards for vocational education, for cooperative arrangement training activities with schools, private business or industry, or other educational institutions.

Accomplishments in fiscal years 1972-1973:

Emphasis was placed on the development, implementation, and improvement of comprehensive, statewide systems for vocational education with expansion to include career education. Special efforts were made to upgrade vocational education personnel training in institutions of higher education. Under section 553 of the Education Professions Development Act (EPDA), State systems received grants of a minimum of $34,000, with larger States receiving commensurately higher amounts proportionate to their unmet needs as reflected in their approved State plan for Vocational Education. These programs are substantially directed to support a major focus in improving the quality of ongoing and projected vocational educational programs. This program will be decentralized by June 30, 1973. The fellowship program under section 552 of the Education Professions Development Act has been broadened to include a wide array of leadership development activities. The present program is continued with an emphasis on the midmanagement level. The program stresses increasing leadership capabilities in local education agencies, State departments of education, institutions of higher education and related agencies to enable them to provide for development and coordination of career education personnel development for all educational levels. At present there are seven institutions continuing their graduate level program being supported by Federal funds and a number of leadership personnel being supported with State funds.

Request for fiscal year 1974:

No funds are requested for this categorical training program in 1974. Financial assistance for those who wish to pursue a career in vocational education will be available in the form of general student support under the Higher Education budget, where major increases in funding are proposed. Support for this purpose will also be available to States and localities -- at the discretion of State and local officials -- under Special Education Revenue Sharing.

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) New careers in education..................	$500,000	$ ---	$-500,000

Narrative

Program Purpose:

The purpose is to attract qualified and diverse persons to the field of education who ordinarily would not consider this field either on a full-or part-time basis. Artists, scientists, homemakers and others are encouraged to undertake teaching or related assignments on a part-time or temporary basis. Capable youth are attracted to the field by identifying them at a point when they are forming their first realistic career plans, in high school, and encouraging them to investigate careers in education.

Accomplishments in fiscal years 1972-1973:

With fiscal year 1972 funds, three colleges sponsored workshops for approximately 200 high school students. Recruitment material on careers in education and on volunteers has been disseminated by the National Center for Information on Careers in Education and the Washington Technical Institute (Project VOICE). Twenty-eight artists and craftsmen have been working with school personnel and children at Oklahoma City University in the Creative Learning Program. And in Tulsa, Oklahoma, 11 full-time and 89 part-time Indian housewives, artists, and craftsmen have been recruited and trained to work in schools in counties having large Cherokee enrollments.

In fiscal year 1973, funds are being used to continue several of the projects described above as well as to sponsor dissemination activities. Evaluation materials currently being received on volunteer programs, high school workshops, and the recruitment and retention of part-time homemakers, artists and scientists will play an important part in this dissemination. Currently planned are:

a) An informational package on how to involve part-time homemakers, based on past experience in volunteer programs funded under section 504. This package will also contain a guide on how to use part-time volunteers in assisting children with learning difficulties.

b) A manual based on the experience of all previous projects, including the recruitment of Indian parents and the recruitment of artisans, artists and scientists to work with elementary and secondary students on a part-time basis.

c) A workshop package to demonstrate how high schools can develop programs to encourage students to enter careers in education at all levels.

d) Five regional workshops for regional, State and local educational personnel as well as teacher training institutions and local organizations on recruitment.

e) A case study evaluation of the Tulsa project.

f) A career education handbook.

g) Several position papers, including one on characteristics of teachers which seem to make a difference in the classroom.

h) Newsletters on the various methods of recruiting personnel in areas of critical shortages.

Request for fiscal year 1974:

No funds are requested for this recruitment program in 1974. In view of the general surplus of teachers at the elementary and secondary level, special Federal support for the recruitment of educational personnel cannot be justified.

	1973 Estimate	1974 Estimate	Increase or Decrease
(e) Higher education..........................	$8,000,000	$2,100,000	$-5,900,000
Fellowships.............................	(2,868,000)	(2,100,000)	(-768,000)
Institutes..............................	(5,132,000)	(---)	(-5,132,000)

Narrative

Program Purpose:

Title V, Part E of the Higher Education Act of 1964 authorizes grants to and contracts with colleges and universities for the purpose of training present or prospective college teachers, administrators and educational specialists at less than the Ph.D. level. Funds may be used to support institutes and short-term training programs, and fellowships for full-time graduate study.

Funds in support of institutes and short-term training programs cover the direct and indirect costs of operating the program and provide stipends for participants. Awards for fellowship programs provide stipends for graduate fellows and an institutional cost-of-education allowance for each student. Fellowships may not be used for graduate programs eligible for support under title IV of the National Defense Education Act. Multi-year awards are sometimes made which provide support for programs extending over two or more years.

Accomplishments in fiscal year 1973:

Most of the institute programs will provide training for the following types of personnel: (1) teachers, administrators and educational specialists who are concerned with the needs of low-income and minority students; (2) junior college personnel; and (3) personnel of developing institutions, particularly the predominantly black colleges. Additional training programs will be designed to serve Mexican-American students, American Indian students, veterans, and women. Some attention is also being given to drug abuse education, cooperative education, and environmental education.

Request for fiscal year 1974:

Fellowship support at less than the Ph.D. level will be concentrated in two or three areas of high national priority and need. One such priority area is the preparation of representatives from minority groups, especially Spanish-speaking Americans, Blacks, and American Indians, for positions as administrators in 2-year community colleges. Another such high priority is the training of student financial aid officers in the proper administration of student financial aid programs. A third priority area is the support of a program to prepare women for important decision-making positions in higher education.

No funds are being requested to support institutes and short-term training programs for fiscal year 1974.

	1973		1974	
	Number	Amount	Number	Amount
Fellowships				
Average cost		$6,500		$6,500
New	92	600,000	230	1,500,000
Continuing	349	2,268,000	92	600,000
Total	441	2,868,000	322	2,100,000
Institutes	125[1/]	$5,132,000	---	---
Average cost		41,000	---	---

1/ Includes 1973 summer session and 1973-74 academic year.

National Priority Programs

	1973	1974	Increase or Decrease
(a) Educational technology demonstrations	$ 19,000,000	$ 13,000,000	$ -6,000,000
(1) Educational broadcasting facilities	(13,000,000)	(10,000,000)	(-3,000,000)
(2) Sesame Street and The Electric Company	(6,000,000)	(3,000,000)	(-3,000,000)
(b) Drug abuse education	12,400,000	3,000,000	-9,400,000
(c) Right to read	12,000,000	12,000,000	---
(d) Environmental education	3,180,000	---	-3,180,000
(e) Nutrition and health	2,000,000	---	-2,000,000
(f) Dropout prevention	8,500,000	4,000,000	-4,500,000
Budget authority and obligations	57,080,000	32,000,000	-25,080,000

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational Technology Demonstration (1) Educational Broadcasting Facilities	$13,000,000	$10,000,000	$-3,000,000

Narrative

Program Purpose:

The purpose of this program is to assist in the establishment, expansion and improvement of noncommercial broadcasting facilities to serve the educational, cultural, and informational needs of Americans in their schools, homes, and local communities. Facilities purchased with assistance from this program enable States and locally-controlled public television and radio stations to air educational and community-service programs which suit and satisfy the needs of local audiences. Educational broadcasts, both those produced nationally and locally provide significant alternatives to those which commercial stations and networks can provide.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, 69 noncommercial educational radio and television stations were improved or established. Grants provided for expansion of 26 public radio stations ($1,520,000), expansion of 33 educational television stations ($8,181,000), and activation of 10 new public television stations ($3,299,000).

In fiscal year 1973, the funds assisted in the establishment or improvement of 75 noncommercial radio and television stations. Grants enabled 12 new public radio stations to get on the air ($1,020,000) and improved the broadcasting capability of 16 operating public radio stations ($1,040,000). Grants for public television facilities activated 10 new stations ($3,200,000), and improvement grants assisted 28 existing stations ($7,740,000).

In fiscal year 1973, emphasis and support continued to shift to improving the equipment and production facilities of local television stations. At least one-third of the local stations, for example, are unable to broadcast, tape or film programs in color. Less than half are able to originate programs with their own color cameras. To help meet these needs, at least two-thirds of EBFP television funds supported projects to improve local television equipment.

Request for fiscal year 1974:

After fiscal year 1973 awards, there remained pending approximately 80 applications requesting more than $20,000,000 in Federal funds. It is anticipated that a $10,000,000 appropriation for this program will provide matching grants to support about 52 projects. This would include the activation of 12 new noncommercial radio stations and grants for improving or expanding the broadcast facilities of 10 noncommercial radio stations. The primary emphasis in support of the noncommercial radio facilities will be on reaching the top 100 major urbanized areas in the U.S. By the end of fiscal year 1973, 59 of these major population areas will have full-service noncommercial radio stations reaching approximately 70% of the population.

Emphasis in television support will continue to be on providing local stations with support for the purchase of up-to-date equipment, enabling local stations, for example, to obtain color film and videotaping equipment, for locally-originated production and program distribution. Except for the activation of 10 stations, principally in metropolitan areas of at least 250,000 persons, grants will help improve or expand the broadcast-related facilities of 20 stations.

The long-range objective of this program is to complete a basic minimum public broadcasting system for the nation. At around present levels of appropriations for this program, it is anticipated that the Federal role in supporting educational TV and radio facilities will have been transferred to State, regional and local efforts by fiscal year 1976.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational Technology Demonstration			
(1) Sesame Street and The Electric Company........................	$6,000,000	$3,000,000	$-3,000,000

Narrative

Program Purpose:

The purpose of the program is to provide support to the Children's Television Workshop (CTW) for research and development activities related to the production of Sesame Street and The Electric Company. Sesame Street is designed to teach preschool age children reading and arithmetic skills and to orient them to experiences normally beyond their own environment. The Electric Company primarily is designed to increase the reading ability of children aged 7 to 10 years.

Accomplishments in fiscal years 1972-1973:

It is currently estimated that Sesame Street reaches a total audience of almost 12 million children. Each year, this pre-school program has gained popularity and support from the public, particularly, from parents of pre-school age children. No formal evaluation on the impact of Sesame Street was planned or conducted last year. The Electric Company already reaches children in some 6 million households. A study conducted only a few months after this program's initial broadcast, reported that approximately 2 million children viewed the program during school hours, 23% of the nation's elementary schools and over 70% of all large city schools having full TV capabilities viewed the program. There are indications that school use of The Electric Company is rapidly increasing.

Request for fiscal year 1974:

In fiscal 1974, direct Federal support for Sesame Street and The Electric Company will continue to reduce as a result of decreased requirements and increased self-generating revenue on the part of CTW. Some $3,000,000 is requested to support these two programs; approximately $2 million of this amount supporting The Electric Company. It is anticipated that funds from the Corporation for Public Broadcasting, foundations, contributions and CTW's own income will contribute to the level of support necessary for maintaining the production and distribution of CTW's TV programs.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Drug abuse education...........	$12,400,000	$3,000,000	$-9,400,000
New..........................	(6,600,000)	(3,000,000)	(-3,600,000)
Continuing...................	(5,800,000)	(---)	(-5,800,000)

Program purpose:

This program helps schools and communities assess and respond to their drug abuse problems by becoming aware of the nature of the problem and developing programs to attack its causes, rather than merely responding to its symptoms.

The basic approach is to develop leadership teams at the State and local levels through a variety of training programs and to give technical assistance to programs developed by these teams.

The funds are primarily allocated as project grants to State Education Agencies, pilot college and community programs, teams of community leaders, training centers, and the National Action Committee (NAC). NAC, an advisory committee composed of experts from the private sector, provides technical assistance to the National, State and local programs.

Accomplishments, fiscal years 1972-1973:

The Office of Education continued support for college-based, school/community-based and other projects begun in 1971. (Out of 880 applications, 58 projects were selected.) It became increasingly evident that virtually all communities have some sort of drug problem and that problems vary from community to community. Although most communities are aware of the problem and want to respond to it, the Federal Government could not support projects in every community. A realistic and productive Federal role has been to train leadership for communities, to respond to specific needs and to evaluate and disseminate information about successful programs and techniques. To make the program responsive to as many communities as possible, the Help Communities Help Themselves program was initiated. Small grants were awarded to communities to support the training of community teams of five to seven individuals at nine regional training and resource centers. With the training received, the teams returned to their communities with the skills to assess and mobilize local resources for responding to their drug problems.

From July 1972 to June 1973 the Program is supporting 800 community teams through minigrants for training and is supporting the eight regional training and resource centers. The Program is continuing support for 55 projects in State and territorial education agencies, 18 college-based demonstration projects in drug abuse prevention, and 39 school/community-based demonstrations. The National Action Committee is providing technical assistance and consultation to the National Program and State and local projects. Fiscal year 1973 funds are also being used to support operations from July 1973 through June 1974 at the 55 State and territorial projects, at 48 college and school/centers (which will also train 1,000 minigrant teams), and at the National Action Committee (also at a reduced level); $900,000 will fund a large-scale evaluation of the Help Communities Help Themselves program during this period.

Request for fiscal year 1974:

The program will use fiscal year 1974 funds to support pilot demonstration projects to validate models of drug abuse prevention geared to particular communities with particular problems; the models can then be disseminated to similar communities with similar problems. Preservice training (for undergraduate teachers-in-training) will be supported at colleges of education throughout the country. The program is tentative, subject to the approval of the Special Action Office on Drug Abuse Prevention (SAODAP). This office is responsible for providing policy direction on all Federally-funded drug programs. Part of the reason for the decrease is that SAODAP wants to keep new projects in existing areas at a minimum until results of evaluations are received. Also, certain community-oriented projects previously supported by the Office of Education are to be funded by the National Institute of Mental Health in fiscal year 1974. The Drug Abuse Education Act of 1970 is not being extended. The Drug Abuse Office and Treatment Act of 1972, Section 410, is being utilized instead. The Act is just as broad and reduces the number of legislative authorities for drug programs.

Drug Abuse Education Progects
(dollars in thousands)

Recipients	1971		1972		1973		1974	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
State/territorial agency	55	$2,000	55	$2,000	55	$2,000	--	--
College-based	20	700	20	700	20	400	--	--
Community-based	27	2,259	27	2,300	38	1,800	*	*
School-based			11	1,300				
DOD dependent schools	1	100	1	100				
Training centers			9	3,400	9	3,400	--	--
Minigrants to community			500	1,900	800	2,400	--	--
Projects generated by 1972 minigrants					78	1,600	--	--
National Action Com.	1	463	1	700	1	800	--	--
Colleges of education							*	*
Total	104	5,522	624	12,400	1,001	12,400	*	$3,000

* Numbers and amounts will be subject to the approval of the Special Action Office on Drug Abuse Prevention.

	1973 Estimate	1974 Estimate	Increase or Decrease
(c) Right to read	$12,000,000	$12,000,000	$ ---
New	(4,824,049)	(779,000)	(-4,045,049)
Continuing	(7,175,951)	(11,221,000)	(+4,045,049)

Narrative

Program Purpose:

The purpose of this program is to substantially increase functional literacy in this country--to insure that by 1980, 99 percent of the sixteen year olds in the United States and 90 percent of the people over 16 shall be functionally literate; that is, that they will possess and use the reading competencies which an individual must have to function effectively as an adult in our society.

This ability to read is essential. Yet, more than 3,000,000 adults in the United States are illiterate and approximately 18,500,000 cannot read well enough to complete simple tasks required for common living needs. Approximately 7,000,000 public school children require special instruction in reading. Even after they have completed high school, one-third to one-half of the new students in junior colleges need some type of reading help.

Through the demonstration of effective and efficient reading programs and the provision of technical assistance, the ultimate aim of Right to Read is to stimulate all reading programs to be effective, regardless of the source of funding, the level of instruction, or the age of the participant. The program will impact both State grant and discretionary funds as well as State and local funds, will involve experimental, demonstration, service and support activities, and will also be responsible for awarding a limited number of grants and contracts.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1972, Right to Read accomplished the following:

1. Developed and disseminated a needs assessment package to aid in program planning procedures
2. Designed an evaluation system for school-based programs
3. Designed an information and dissemination system
4. Developed and disseminated a Right to Read plan of action for school-based programs
5. Developed and disseminated a Right to Read program manual for community-based programs
6. Developed an assessment scale for use in examining reading programs
7. Identified, validated and packaged 5 effective model reading programs
8. Selected and trained 40 people to provide technical assistance to 233 Right to Read projects
9. Funded and provided technical assistance to 140 school-based programs, 74 community-based programs, 11 State education agencies and 19 special programs
10. Obtained commitments from 65 professional associations
11. Developed plans to involve 25 of the 65 professional associations in Right to Read activities and programs.

In fiscal year 1973, Right to Read will continue to fund the 140 school-based, 11 State education agencies and 5 special projects. The 74 community-based projects were forward-funded late in 1972. Right to Read States will be expanded to include 20 additional State education agencies. Cross-bureau coordination in the Office of Education will continue. Technical assistance will be continued for Right to Read funded projects, and expanded to include the additional 20 State education agencies. Right to Read will continue to identify, validate and package effective reading programs. Additional activities will include:

1. Establishing liaison with the National Institute of Education.
2. Developing and disseminating an assessment package for State education agencies and schools of higher education.
3. Continuing cooperative activities and monitoring of the National Reading Center.
4. Completing evaluation of Right to Read funded school- and community-based projects.
5. Completing evaluation of Right to Read State education agencies.

6. Developing plans for and implementing a series of training seminars for school administrators to focus on changing and improving reading instruction.

7. Working with the Right to Read Council of Chief State School Officers in support of the National Right to Read Effort.

8. Developing and disseminating "Parent Kits" for use with pre-school children in the development of reading skills.

9. Developing with nine Deans of Schools of Education, plans to improve the training of prospective teachers.

10. Developing an Adult Literacy Test to ascertain progress made toward meeting the national goal.

11. Developing a "Mini-assessment" to determine the state of the art of reading delinquents and the location of same.

12. Funding of an adult "Sesame Street" television program.

In fiscal year 1973, funding of the National Reading Center will not exceed $400,000, and its activities will be redirected to be responsive to Right to Read priorities.

Request for fiscal year 1974:

Right to Read State education agencies will be expanded to include the remaining 19. It is anticipated, then, that all 50 States will be funded. Right to Read States will affect every school and school district in this nation. Careful planning will result in improved reading instruction for every child attending public schools.

Those projects funded in fiscal year 1972-73 will be continued during fiscal year 1973-74. Other activities will include:

1. The development of joint reading models with nine Office of Education reading-related programs.

2. Continuing the validation of model reading programs.

3. The development of implementation strategies for effective utilization of technology in improving reading instruction.

4. The development of a plan for retraining all teachers in reading by the States.

5. Continuation of assistance and support of the National Reading Center and Reading is Fundamental's efforts to involve the private sector.

6. Expanding technical assistance capabilities of State education agencies.

7. Developing and implementing a regional/State education agency--coordinated plan to include technical assistance, and monitoring activities.

Activities indicated above involve approximately:

	1972	1973	1974
Students	200,000	700,000	1,000,000
Teachers	100,000	300,000	500,000
Adults	75,000	100,000	200,000
Totals	375,000	1,100,000	1,700,000

RIGHT TO READ ACTIVITIES

	1972		1973		1974 Projected	
	No.	Amount	No.	Amount	No.	Amount
1. State education agencies:						
New	0	$ ---	20	$ 980,000	10	$ 500,000
Continuing	11	380,000	11	530,000	31	1,550,000
2. School-based projects	140	5,259,951	140	5,319,951	140	5,194,951
Community-based projects	74	3,211,616	0	---	74	2,970,000
Special projects	19	221,000	19	221,000	19	500,000
3. Technical assistance teams (Instruction and administration)	5 teams	574,000	5 teams	500,000	5 teams	250,000
4. Colleges and universities		---	5	1,000,000		---
5. Training of administrators		---		500,000		50,000
6. Work with the Chief State School Officers Association		---	50	110,000	50	50,000
7. "Parent Kits" developed and disseminated		---	1,000	100,000	2,000	25,000
8. Adult television		---		1,319,049		---
9. "Mini-Assessment" for collecting data on reading		---		170,000		25,000
10. Development of materials		141,000		50,000		10,000
11. Film		55,000		100,000		10,000
12. Dissemination and replication		100,000		700,000		565,049
13. Evaluation		415,000		---		---
14. National Reading Center		1,416,433		400,000		300,000
TOTAL		11,774,000		12,000,000		12,000,000

	1973 Estimate	1974 Estimate	Increase or Decrease
(d) Environmental education.............	$3,180,000	---	$-3,180,000
(Advisory council on environmental education)..............	(50,000)	(---)	(-50,000)

Narrative

Program Purpose:

The goal of environmental education is to help assure the availability of locally relevant, effective, and useable environmental education resources and thus promote adequate opportunities for citizens to achieve "environmental literacy" for environmental improvement. Toward this goal, the Environmental Education Act provides discretionary grants and contracts to support experimental education projects such as community education, curriculum development, non-educational personnel training, and dissemination of information to the public. It also specifies coordination through the Office of Environmental Education of other Office of Education activities related to environmental education. The Office of Environmental Education also serves as a mechanism for providing technical assistance to the field, the Office of Education, and other governmental programs.

Accomplishments in fiscal years 1972-1973:

In fiscal year 1973, approximately $3.1 million will support 175 projects located throughout the country. Emphasis will be given to further development of resource materials, personnel development, community education, elementary and secondary projects, and mini-grant workshops for community groups. Technical assistance efforts for the development of projects through other Office of Education programs will focus on activities and approaches that cannot be effectively conducted under the Environmental Education Act.

Request for fiscal year 1974:

No funds are requested. The basic authority for this program expires in fiscal year 1973. The primary purpose of this legislation was to alert school systems to the need for including environmental subjects in their curriculum, and it is believed that this has been largely accomplished. The Administration will not, therefore, seek extension of the basic law. State and local officials will, of course, be able to utilize broader purpose education authorities such as Special Education Revenue Sharing to continue to support environmental education projects in accordance with local priorities.

	1973 Estimate	1974 Estimate	Increase or Decrease
(e) Nutrition and health	$ 2,000,000	$ ---	$ -2,000,000

Program Purpose:

The Nutrition and health program demonstrates ways to organize local systems of child development services through more effective coordination of existing health and nutrition resources, particularly those of Federal programs. Research has demonstrated that adequate food, medical care, and psychological health are prerequisite to educational achievement. However, programs to provide these resources to children are usually not coordinated in a community. Children most in need, such as those in Title I, Elementary and Secondary Education Act, school districts, are still not adequately prepared for school. The Nutrition and health projects serve as a catalyst to mobilize community personnel toward a concerted effort in meeting the needs of disadvantaged children. The principal focus has been on insuring the delivery of services already authorized for a community. When specific services are not yet available in a community, the projects have identified appropriate

Federal, State or local sources of assistance. When sources are lacking, the projects may support a staff member to fill the need until other resources can be generated.

Accomplishments in Fiscal Years 1972-1973:

Twelve projects funded in 1972 are being continued in 1973. This is the final year of Federal support for these projects which were initiated in 1971 and 1972.

Anecdotal reports and evaluations by the twelve projects indicate that a wide variety of approaches have been successful in different types of communities. An overall evaluation design is being completed and will be implemented before the end of fiscal year 1973. Information about different approaches is being disseminated among the projects and to other communities.

Request for Fiscal Year 1974:

No funds are requested for this program in fiscal year 1974. This demonstration program has brought attention to the relationship of nutrition and health to educational success in low-income areas. It has provided various models that can now be replicated by local school districts. The existing projects will be evaluated and the results disseminated with fiscal year 1973 funds.

	1973 Estimate	1974 Estimate	Increase or Decrease
(f) Dropout prevention................	$ 8,500,000	$ 4,000,000	$ -4,500,000

Program Purpose:

This program is a discretionary grant program which provides Federal funds directly to local school districts. It is designed to develop demonstration model programs, in selected public elementary and secondary schools, for reducing the number of students who leave school before high school graduation. The schools in which projects are located have excessive school dropout rates and large numbers of disadvantaged students. Models which are effective in these locations can be replicated by other school systems which have high dropout rates.

Applications are submitted by local educational agencies with the approval of their appropriate State educational agency. Applications are received against a set of criteria established by legislative authority.

Accomplishments in Fiscal Year 1972-73:

During fiscal year 1973, 19 dropout prevention projects funded in 1972, were continued at a cost of $8,375,000 with the remaining $125,000 funding 2 new short-term dropout prevention projects for Mexican-American students. An analysis of these projects was made to identify the components which have been most successful in reducing the school dropout rate. The thrust to maximize effectiveness will be continued through emphasis on accountability, community involvement, evaluation design and measurement. Career Education was emphasized in all dropout prevention projects. Progress was generally measured by comparing data related to the 1967-1968 school year (base year). An evaluation of the projects shows the following facts:

a. In 19 dropout prevention programs there are 19,495 blacks, 1,092 Indians, 110 Orientals, 4,176 Spanish surnamed and 4,696 Caucasians as direct participants. Indirect participation in Title VIII is approximately 35,000 students or a total of 65,000 students.

b. The dropout rate in the selected schools of the Title VIII program has steadily decreased from 10.1% in 1968-69 to 5.5% in 1971-72. Approximately 1,600 fewer suspensions were reported in 1971-72 as compared to 1968-69.

c. Projects with reading and math components have reported average gains of 1.5 to 2.0 years in student achievement.

d. Forty businesses and industries are working cooperatively with the target schools providing school and work experiences for school youth.

e. Replicable success has been demonstrated by school districts which have installed practices developed in their dropout prevention programs. Baltimore has adopted the component dealing with students with critical emotional and educational problems, and installed it in several schools in the city. St. Louis has adopted system-wide its dropout prevention component dealing with the socially maladjusted student. Chautauqua County, New York, is revising its pupil personnel program as a result of its dropout prevention project, and Seattle has adopted its dropout prevention component for the socially, emotionally maladjusted student.

f. Approximately 400 school age pregnant girls have participated in special school programs designed to keep them in school.

g. Approximately 2,500 students have been trained in employable skills that can be used after leaving school.

h. Approximately 2,000 parents have been directly involved in school activities.

i. More than 20,000 students have received special services: i.e., guidance, welfare assistance, speech correction, psychological services and individual instruction.

In fiscal year 1973 the Office will continue to assist in the improvement of the 19 operating Dropout Prevention projects; solicit, evaluate, select and develop two new Dropout Prevention projects, which will be Mexican-American; assist in identifying and coordinating dropout prevention activities within the Office of Education, State Departments of Education and other Government agencies; provide national leadership in the field of dropout prevention; and demonstrate that innovative dropout prevention programs will be developed and operated which will reduce the number of school dropouts by not less than 15 percent of the number of school dropouts reported in 1972.

Request for Fiscal Year 1974:

The 1974 budget continues the phase-out of this program which has met its objective of demonstrating ways to reduce school dropouts. Nine dropout prevention projects will be continued for their fourth operational year. No new projects are planned to be awarded. As projects are completed, the results of this demonstration program will be disseminated.

Number of Dropouts in Title VIII Target Schools

	Number	Percentage
Original ten schools: 1/		
1968-69	3,572	10.1
1969-70	2,793	7.9
1970-71	2,441	6.9
1971-72	1,953	5.5
Second nine schools: 2/		
1970-71	2,604	12.4
1971-72	1,843	8.7

1/ Average yearly secondary enrollment is 35,300 students.
2/ Average yearly secondary enrollment is 21,000 students.

	1973 Estimate	1974 Estimate	Increase or Decrease
3. Data systems improvement:			
(a) Educational statistics			
(1) Surveys and special studies	$4,250,000	$7,400,000	$+3,150,000
(2) Common core of data	---	500,000	+500,000
Subtotal	4,250,000	7,900,000	+3,650,000
(b) National achievement study	6,000,000	7,000,000	+1,000,000
Budget authority and obligations	10,250,000	14,900,000	+4,650,000

General Statement

Programs related to data acquisition and processing are now part of a single, comprehensive plan. Office of Education data gathering and analysis activities which have been consolidated and assigned to the National Center for Educational Statistics include: (1) Ongoing surveys and statistical studies; (2) Educational manpower data collection (previously carried in the Education Professions Development appropriation as "manpower data collection"); (3) the National Achievement Study; and (4) activities previously conducted by the Joint Federal/State Task Force on Evaluation (previously carried in the Elementary and Secondary appropriation under "evaluation"). In addition, a new program to design integrated Federal, State, and local educational data systems is planned.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational statistics			
(1) Surveys and special studies	[1] $4,250,000	$7,400,000	$+3,150,000

[1] Base figure does not include $840,000 allocated for functions transferred to NCES for elementary and secondary program information surveys.

Narrative

Program Purpose:

The Statistics program is designed to provide data on a current and responsive basis for planning, policy and administrative uses by Federal, State, local and institutional decisionmakers. The program also provides usable data about education to the general public. For Federal purposes, the data provide necessary bases for decisions about allocation of Federal funds, for evaluation of impact of Federally-funded programs, and for reports required by Congress or the Executive Branch regarding education programs.

Accomplishments in fiscal years 1972-1973:

In addition to maintaining the 54 ongoing time series reports, which are regularly published reports of data collected for use by planners, policymakers and other interested professionals, several important priority activities were established or expanded in 1972 and 1973:

1. A system was completed to retrieve census social and economic data by school district, and two computer files were prepared for widespread use by Federal, State and local education authorities, particularly for the improved allocation of compensatory education funds. A project was begun to combine these data with financial data from the Elementary and Secondary General Information Surveys (ELSEGIS).

2. First national directories of the universe of schools offering secondary and postsecondary vocational programs were completed in fiscal year 1973.

3. For the national Longitudinal Study of the High School Classs of 1972, approximately 18,000 high school seniors in 1,100 secondary schools provided information related to their high school experiences, attitudes, and opinions, future occupational and educational plans, personal profile information, and family background. In addition, information was collected on the school environment, on school counselor profiles and practices, and on the curriculum and academic achievement of the students. This information is expected to provide the basis for analysis of the relationships between educational experience and the educational and occupational choices and success of students after graduation from high school. Plans for the first follow-up survey of these students, including the survey instrument, have been developed with a field test scheduled for the spring of 1973.

4. A special survey of the financial status of school systems serving the 64 largest cities in the U.S. was begun early in fiscal year 1973.

5. Handbook II, Financial Accounting for Local and State School Systems was revised. When implemented in State and local educational agencies, this handbook will provide for consistent and comparable financial recording and reporting.

6. An early release of higher education enrollment totals by student level, institutional control and type, and State for the Fall of 1972 was disseminated in early December 1972. Similar early releases are scheduled for employee salary data by sex in February 1973 and financial data in May 1973.

7. A survey of the backgrounds and characteristics of students and teachers in vocational education offered by secondary schools was completed in fiscal year 1973.

8. A pretest of a survey of public secondary school course offerings, enrollments and curriculum practices was completed and reported. A national survey involving a sample of approximately 9,000 of the Nation's 24,000 public secondary schools was begun during fiscal year 1973.

9. A first-time survey on programs providing adult education through public schools and agencies was published in fiscal year 1973.

10. A first report providing data from higher education institutions on employment by sex was completed in fiscal year 1973.

11. Analytic models of educational manpower supply and demand were developed and tested, studies of educational manpower flow through the training sequence and into the institutional system also were initiated in fiscal year 1972-73.

12. The 1972 Consolidated Program Information Report was shortened resulting in considerable reduction in burden. Technical assistance grants were provided to facilitate more timely and accurate response to this survey of local education agencies covering participants, staff, and finances of Federally funded programs.

13. A comprehensive report, on the extent and types of participation in adult education will be published, in fiscal year 1973.

14. A Manual for Manpower Accounting in Higher Education was published.

15. A first-time survey and report on the educational role of nonprofit community organizations was completed in fiscal year 1973.

16. A cost-sharing project with State departments of education in acquiring career education data was successfully carried out. The actual numbers of States contracted with was 44.

Request for fiscal year 1974:

The request includes an increase of $3,150,000 for ongoing statistics programs. Of this increase, roughly $1,470,000 is for the transfer of the activities of the Joint Federal State Task Force on evaluation previously funded under Elementary and

Secondary education. The remainder of the increase is to meet the critical data requirements of policy makers and program managers. Most of the increase will be for starting or expanding the major projects outlined below.

1. The Elementary School Survey will be conducted using redesigned instruments from those last used in fiscal year 1971. The survey will provide information on pupil population groups that have been the subject of Federal legislation, i.e., children from low-income areas, handicapped, migrant, and children from nonstandard English speaking environments. Information will also be obtained on the services provided and the impact such services have had on the participant children.

2. The merging of Census data with ELSEGIS financial data will be completed, providing a data base to assist the equitable funding of public education among school districts in States and the improved allocation of Federal discretionary program funds. The system to retrieve census data by school district will be updated to allow for school district boundary changes since 1970. The merging of these data will be highly useful for State planning for revenue-sharing.

3. Work on the Anchor Test Study, which is developing national norms for equating seven reading tests widely used in American elementary schools, will continue into fiscal year 1974 and should terminate with a new set of tables of score equivalents about March 1974. A contract will be let during fiscal year 1974 for the further analysis of data from the current Anchor Test Study. This analysis will focus on the distributions of test scores for various population subgroups including children from various socio-economic groups. A feasibility study will also be conducted to develop procedures for extracting test scores from other data collection instruments and translating such scores into a common metric for program evaluation purposes.

4. An update of the Library Statistics Manual last published in 1966, an integral part of the development of the Library General Information System (LIBGIS), will be undertaken in fiscal year 1974.

5. The first follow-up of the National Longitudinal Study of the High School Class of 1972 is planned to be initiated in September 1973. Plans for the second follow-up of the current cohort and for an additional cohort to be initially field tested in the spring of 1975 will be developed. This new effort will probably begin with tenth grade students and will provide information on high school dropouts and their future occupational and educational experiences.

6. A first-time survey of noncollegiate postsecondary schools (including proprietary schools) to provide data on their enrollments, programs, teacher characteristics, as required to support planning for implementing the Education Amendments of 1972, will be completed in fiscal year 1974. A second more detailed version will be implemented later in fiscal year 1974, providing a richer data base for analyses and the measurement of change in these specialized institutions.

7. Educational manpower statistics will continue along two major thrusts: (a) work will be continued on the development of improved models for forecasting changes in the supply of and the demand for teachers; (b) assistance to, and collaboration with, States will continue in the effort to develop educational manpower statistics collection and analyses systems to meet the States' own planning needs as well as Federal needs. The States' systems will be compatible with the development of the Common Core of Data, and become a part of it as that program becomes operational.

8. A significant portion of the additional funding and staff requested will be focused on expediting publication of reports which, particularly in the last year, have been inordinately delayed by reduction or elimination of overtime, temporary employees, and other resources normally used to expedite publications.

9. Quantitative information on expected outcomes in fiscal year 1974 from this program is shown below:

New survey instruments to be designed	27
Surveys to be conducted (data collections)	23
Statistical publications to be prepared	52
Reference service for special requests	11,500

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Educational statistics			
(2) Common core of data..............	$ ---	$ 500,000	$+500,000

Narrative

Program Purpose:

The Common Core of Data program (CCD) is a major new initiative by the Office of Education to replace the current uneven and largely inadequate provision for educational statistics in the 50 States, 6 outlying areas, and the District of Columbia by an integrated and interlocking system of educational statistics to meet Federal, State, local and institutional needs for planning and management. The Federal Government will play a leadership role in stimulating development of integrated information systems to provide data concerning the formal education system--the schools and postsecondary institutions--and the informal education system made up of libraries, museums, educational broadcasting, and other press media.

This program will provide eventually for the full complement of data and data services needed for effective management of the American education system. The framework for State data collection, comparability among States, and analysis and reference service, to be developed under CCD will be an important asset to State management of resources under revenue sharing.

This program is intended to resolve the severe problems developing between the Federal Government and the States concerning provision of educational data. The Office of Education requires large amounts of data for management of its programs, for evaluation, and to carry out its responsibility for providing statistics on the condition and progress of American education for use in planning and policy development at all levels. In the implementation phase, CCD will provide financial systems and developmental systems in the form of expert consultation on statistics and computer-assisted information systems. The Council of Chief State School Officers has endorsed this program as the best solution to the joint Federal-State problem of the ever increasing need and demand for educational management and evaluative data.

Accomplishments in fiscal year 1973:

These activities were funded under the surveys and special studies line item during fiscal year 1973. Grants were awarded to four States to identify State user requirements for educational finance data. The four States, Michigan, New York, Rhode Island, and Texas, have completed their work. A contract was awarded for the preparation of operational planning materials for the CCD program. These materials provide basic planning guides for sector, module and level development plus planning factors for costing, staffing, scheduling and coordination.

Educational finance issues based on the work of the President's Commission on School Finance, the National Education Finance Project and the Commissioner's Task Force on School Finance are being identified. An outgrowth of this work will be the identification of data elements needed to analyze the major issues. A request for proposals has been developed leading to award of a contract in fiscal year 1973 to develop the CCD Federal Core of Data Elements for the elementary/secondary sector. A grant program has been announced leading to the documentation of the implementation of revised Handbook II Financial Accounting for Local and State School Systems, in three local education agencies.

The CCD Advisory Committee on the Elementary-Sector has met twice and provided guidance on the course of development of this sector. A steering group on the postsecondary sector has been appointed and has held one meeting. A subgroup of the steering committee met to define the issues in postsecondary education and their implications for data requirements.

Request for fiscal year 1974:

The fiscal year 1974 objectives are described under three mutually supporting program activities: (1) State System Design, (2) Statistical Standards and Tools, and (3) Data Publications and Reference Activities.

1. State Systems Design: Funds for planning and feasibility testing are requested for fiscal year 1974. The major tools for the planning of the Federal/State integrated educational data system in fiscal year 1974 for both the elementary secondary and the postsecondary sectors are:

a. Grants to fund State reviews of the Federal finance core and to identify the core of data for State and local education agencies;

b. A contract to identify Federal core requirements for pupil data;

c. A contract to identify user requirements leading to definition of the Federal finance core for postsecondary education and for expansion of the Federal finance core to meet State needs.

2. Statistical Standards and Tools: An explicit program will be introduced and operated to set standards and provide technical leadership in the organization and use of quantitative data relating to all aspects of American education. The data standards effort in fiscal year 1974 provides for the revision of terminology standards for property accounting for elementary and secondary education and for higher education space utilization. Handbooks, initially focused on higher education, will be reviewed and revised if necessary for broad application to the entire postsecondary sector. Planning will be initiated for the developmental assistance program for the States which will include standard process and report format control, software to assist exchange of data between States, and conduct of technical demonstration projects and State workshops.

3. Data Publications and Reference Activities: This program activity provides educational statistics tailored to specific requirements of the Executive and Legislative Branches of the Federal Government, the executive and legislative needs which State governments have in common, and those general to local educational agencies. An analysis activity will be implemented to provide statistical analyses of educational data in relation to employment and other data. Responsibilities will include analyses to estimate educational needs and analytic assessment of trends and relationships over time. The data analysis resources will strengthen the Federal capability for effective joint action with the States, as new insights indicate operational, program, or policy possibilities for improvements in the effectiveness of the educational system.

The long-range objective is to build an educational data system adequate to the needs of States, institutions, and Federal decision-makers. CCD will incorporate the necessary elements at a level of effort commensurate with the problem and realistic time planning which permits testing of concepts and of the feasibility of new approaches. The fiscal year 1974 program will be a modest planning phase, which will build upon operational planning materials, the Federal finance core, and four State user requirements studies to specify the State and local finance core requirements of the CCD system. A review of data availability and the analysis of data systems will highlight commonalities among States and, by comparison, will suggest possible directions of self-improvement.

During each of the fiscal years from 1975-79 a new module of the data system (finance, pupils, staff, facilities and curriculum) will be introduced and system development for an additional level and sector of education (postsecondary, libraries and museums, and educational media) will be started.

The potential costs of not knowing what we should about American education are important to our use of Federal funds, and of even more significance to the education of tomorrow's citizenry. CCD is an orderly plan to provide what we need to know on a cooperative, efficient, technically advanced, manageable program basis.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) National achievement study (Cooperative Research Act)....................... ..	$6,000,000	$7,000,000	$+1,000,000

Narrative

Program Purpose:

The Office of Education, through a grant to the Education Commission of the States (ECS), collects information about the educational attainment of young Americans in terms of their knowledges, skills, understandings, and attitudes. Its major goals are: to provide national data on the educational attainments of young Americans by subject areas; and to measure change in such educational attainments over a five-year interval. Results are summarized nationally and by sex, race, and major geographic region. This data will help answer the question: "How much impact on educational attainment is the Nation's investment in education bringing about?" Over time, the data will highlight those categories of students whose achievement and improvement in given subject areas fall short of national education aspirations.

These goals are met by recurrent collection and analysis of data in ten broad subject matter areas (art, music, social studies, mathematics, science, career and occupational development, reading, literature, citizenship and writing) using representative national samples of four age groups: 9-year olds, 13-year olds, 17-year olds, and the 26 to 35-year olds. Typically, national summary results are reported the year following collection, and comparative results early the year after that.

Accomplishments in fiscal years 1972-1973:

In addition to producing summary and analytical reports regarding its own efforts, the National Achievement Study provides statements of clear educational objectives and assists individual States in their own assessment projects.

The surveys of all four age groups measured achievement in social studies and music in 1972 and mathematics and science (second cycle collection) in 1973. About 90,000 individuals are sampled each year, using both school surveys for students and household surveys for young adults and out-of-school 17-year olds.

National results were reported in writing, reading, literature, and social studies. The first reports of nationwide results have been publicized and analyzed by the media and have stimulated great interest and assessment activity in the educational community. Additional analytical reports have been prepared for citizenship, writing, reading, literature; analyses of data gathered in the social studies, music, mathematics, and second-cycle science collection are under way.

Objectives in each subject, defined as a basis for test exercises, and representative items from the exercises used in each subject, are made available after each survey. The objectives were prepared in consultation with educators, testing specialists and lay citizens. Schools have obtained materials on educational objectives in the ten subject areas to use as guidelines for curriculum review, and several States have used NAEP (National Assessment of Educational Progress) exercises to conduct their own assessments. For example, Connecticut, Iowa, Massachusetts, and Maine have conducted State assessments drawing on the methods and procedures of NAEP. The project regularly provides information to all State agencies and conducts workshops to assist those interested in adapting the model. Approximately twenty States currently are reviewing the study for possible adaptation.

Research efforts include the planning of future studies of nonsampling error and completion of a study analyzing the size and type of community stratification to improve the sample design. Policy was developed to make study data available to secondary users for research and analysis. The possibility of adding input variables to the achievement study in future years is being explored.

Professional groups including teachers of science, citizenship, social studies and reading have developed studies to interpret assessment results to the educational community. Meetings with publishers and the Council of the Great City Schools were held to make the data available and accessible.

Request for fiscal year 1974:

Results will be reported on the second science assessment to permit, for the first time, comparisons to be made between the attainment of like groups of Americans over a period of time. National data will be reported in music and mathematics. Further analytic reports on prior data collections will be prepared including comparative data on music and social studies. Data will be collected in career and occupational development (first cycle) and writing (second cycle).

The increase of $1,000,000 in fiscal year 1974 will be used for wider activities in dissemination and reporting made necessary by the availability of results in seven of the ten subject areas; to meet the demand for technical assistance from States and localities adapting the achievement model; and to develop the design, analysis and reporting formats which will compare first and second cycle data, beginning with science. The Office of Education will support analytical studies of the data results reported which will contribute to national policy guidance for allocation of Federal resources to education based on Achievement findings; these studies will be supported as well by the requested increase.

Program Purpose and Accomplishments

Activity: Education Professions Development
(a) Teacher Corps (EPDA, Part B-1)

1973	1974 Authorization	1974 Budget Estimate
$37,500,000	1/	$37,000,000

1/ Total EPDA authorization is $300,000,000, of which $37,500,000 or 25 percent, whichever is greater shall be for EPDA, Part B-1.

Purpose: This activity is directed toward improving educational opportunities for children of low-income families, and improving the quality of programs of teacher education for both certified teachers and inexperienced teacher interns.

Explanation: Grants are made to colleges or universities and associated local school districts. Proposals must be approved by respective State departments of education.

Accomplishments in fiscal year 1973: In fiscal year 1973, half of the request will provide support to upgrade skills of certified teachers and the rest will be used to train new interns in subject areas, locations, or levels where shortages still exist. At the $37,500,000 funding level about 3,216 continuing participants and 1,700 new participatns would be supported. In addition, approximately 9,000 community participants would work with local volunteers. Funds would also be used to supplement existing programs in correctional institutions.

Objectives for fiscal year 1974: Each Teacher Corps project will use inservice training of experienced teachers as an integral part of each Teacher Corps team. To this extent, the request will provide support to upgrade skills of certified teachers as well as to train new interns in subject areas or levels where shortages still exist. At the $37,500,000 funding level about 3,230 continuing participants and 1,686 new participants will be supported. In addition, approximately 9,000 community participants would work with local volunteers. The Teacher Corps will continue to expand its orientation for bilingual education and it is projected that $1,000,000 of the request will be directed to developing and implementing projects with this particular program focus. The request will also support projects serving the Indian population.

Activity: Education Professions Development
(b) Elementary and secondary development, EPDA, Part D
(1) Urban-rural school development program

	1974	
1973	Authorization	Budget Estimate
$12,135,000	1/	$11,022,000

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This program was designed to help improve schools by means of comprehensive staff development programs developed with local school-community councils. There are three planned models: (1) concentration on the entire staff of a single school, or a trio of schools that feed each other; (2) concentration on staffs of schools in a larger target area in urban or rural districts; (3) staff development in centers run by state education authorities in collaboration with local school districts. Two special developmental assistance components are designed to provide models of staff development based on demonstrated performance competencies and to provide specialized protocol and training materials.

Explanation: The Commissioner is authorized to award grants or contracts to local educational agencies, state educational agencies, and institutions of higher education.

Accomplishments in fiscal years 1972-1973: In fiscal year 1973, funds will continue support for the 41 projects during their second operational year in a projected five-year program. These projects serve approximately 6,500 school staff and community members. Beginning July 1, 1973 this program will be administered by HEW regional offices. Developmental assistance on a national basis will be the function of central office staff through two Leadership Training Institutes based in California and Florida.

Objectives for fiscal year 1974: (1) Continue support for 41 projects with plans developed for local adoption as federal assistance begins to diminish; (2) Compile case studies, handbooks, and training materials for use by other sites; (3) evaluate role of school-community council; provide assistance in incorporating components such as needs assessment, community involvement, priority setting, and comprehensive planning and staff development as integral parts of the local school systems.

Activity: Education Professions Development
(b) Elementary and secondary development,
EPDA, Part D:
(2) Career opportunities

	1974	
1973	Authorization	Budget Estimate
$23,572,000	1/	$22,853,000

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This program is a nationwide career lattice model to improve the learning of children from low-income families by training new kinds of individuals, low-income community residents, and Vietnam-era veterans in positions as paraprofessionals toward eventual teacher certification. The program aims at finding better ways of utilizing existing school personnel through developing career lattices of positions, encouraging participation of parents and community in educational processes, and increasing cooperative relationships among related programs, agencies, and institutions.

Explanation: The Commissioner is authorized to make grants to or contracts with local educational agencies, state educational agencies, and institutions of higher education.

Accomplishments in fiscal year 1973: Funds will enable the continuation of all 130 COP projects and the 8,800 current participants. Beginning in July, 1973, this program will be administered by the Department of Health, Education, and Welfare regional offices. National developmental assistance will be provided and coordinated by central office staff. Every COP project has formal and informal linkages with other agencies and institutions--in particular, Housing Urban Development, Title I of the Elementary Secondary Education Act, and the Right to Read Program. During this year components will be strengthened in reading, drug abuse education, and special education.

Objectives for fiscal year 1974: 1. Continue training for approximately 8,800 participants; 2. Provide national developmental assistance; 3. Determine impact of program in terms of (a) number of trainees placed in jobs, (b) changes in certification criteria and course requirements, and (c) institutional change. Follow-up of COP graduates is also planned.

Activity: Education Professions Development
(b) Elementary and secondary development,
EPDA, Part D:
(3) Categorical programs:
a. Teachers for Indian children

	1974	
1973	Authorization	Budget Estimate
$2,730,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: The purpose of this program is to prepare "persons to serve as teachers of children living on reservations serviced by elementary and secondary schools for Indian children operated or supported by the Department of the Interior, including public and private schools operated by Indian tribes and by nonprofit institutions and organizations of Indian tribes." Preference shall be given to the training of Indians.

Explanation: Grants may be made to institutions of higher education and other public and private nonprofit agencies and organizations for the purpose cited above.

Accomplishments in fiscal year 1973: Approximately $1,700,000 will be used to continue a number of ongoing multi-year funded projects which meet the intent of this legislation. These projects, some of which are cooperative projects with the Bureau of Indian Affairs and the Office of Economic Opportunity were formerly under the Career Opportunities Program, the Educational Leadership Program, and the Pupil Personnel Services Program. An additional $1,030,000, therefore will be spent for new one-year projects or new components to existing projects under the Teachers for Indian Children Program. The overall goal of this program will be to increase, through recruitment and training, the number of Indians teaching Indian children, although efforts will also be made to increase the skills of teachers currently serving children on reservations, and providing career lattices for potential Native American teachers.

Objectives for fiscal year 1974: No funds are requested for this categorical training program in 1974. Financial support for persons who wish to become teachers of Indian children is available from other sources.

Activity: Education Professions Development
  (b) Elementary and secondary development,
    EPDA, Part D:
    (3) Categorical programs:
      b. Bilingual educational personnel
        training

	1974	
1973	Authorization	Budget Estimate
$2,730,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This activity is for the training of teachers for service in programs for children with limited English speaking ability.

Explanation: Grants may be made to institutions of higher education, local education agencies, and state education agencies to improve the qualifications of persons who are serving or preparing to serve in elementary or secondary schools, or to supervise or train persons so serving.

Accomplishments in fiscal year 1973: Fiscal year 1973 funds will be used to support ongoing projects with multi-year commitments which meet the requirements of this mandate. Approximately 12 bilingual projects will be funded. Preference in participants is given to bilingual, bicultural personnel, and when possible, preference in the selection of trainees has been given to personnel involved in projects funded under Title VII of the Elementary and Secondary Education Act. This program is helping to develop educational personnel in an area of severe shortage as well as fostering institutional change. Persons being trained include teachers, aides, supervisors, and trainers of teachers.

Objectives for fiscal year 1974: No funds are requested for this categorical program in 1974. Financial assistance for persons who desire to enter this field is available from other sources.

Activity: Education Professions Development
  (b) Elementary and secondary development
    (EPDA, Part D)
    (3) Categorical programs:
      c. Personnel development

	1974	
1973	Authorization	Budget Estimate
$8,381,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: To provide educational personnel development projects aimed at all levels and stressing particular skills needed to improve services to children in regular classrooms, with an emphasis on low-income children.

Explanation: Grants are made to institutions of higher education, State education agencies, and local education agencies to strengthen skills of existing educational personnel in such areas as guidance and counseling, early childhood education, educational leadership, and knowledge and use of protocol and training materials.

Accomplishments in fiscal year 1973: Funds will enable the continuation of multi-year funded ongoing projects which will train about 9,000 educational personnel in academic year 1973-74. Projects will be in the areas of early childhood education, pupil personnel services, educational leadership, trainees of teacher trainers, and differentiated staffing. Within the context of these programs special emphasis will be placed on developing strategies for capitalizing on lessons learned in these educational personnel development programs and encouraging institutional reform in the field.

Objectives for fiscal year 1974: No funds are requested for this categorical program in 1974. Financial support for persons who wish to become teachers is available from other sources.

Activity: Education Professions Development
(b) Elementary and secondary development
(EPDA, Part D)
(4) Exceptional children

	1974	
1973	Authorization	Budget Estimate
$4,112,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: To train educational leaders, regular classroom teachers and other educational personnel to deal effectively with exceptional children who are in regular, rather than special, classrooms. There is a growing trend (primarily as a result of court decisions and legislative or State mandates) to integrate children with physical handicaps or learning difficulties into regular classrooms, where the regular classroom teacher is not necessarily equipped to deal with their special needs. This program therefore concentrates on providing that help through training, through the production of training and protocol materials, and through developmental assistance to State and local education agencies and institutions of higher education.

Explanation: The Commissioner is authorized to make grants to state and local educational agencies and institutions of higher education to carry out the above activities.

Accomplishments in fiscal year 1973: Sixteen projects will be funded (including one which will produce training materials). Every effort will be made to assist states and school districts, which are undergoing the change of integrating former special education children into regular classrooms, through developmental assistance. It is hoped that a project designed to help the Houston Independent School District will serve as a model for schools undergoing similar change.

Objectives for fiscal year 1974: No funds are requested for this program in 1974. Financial support for persons who want to be trained to educate handicapped children in regular classrooms is available from other sources.

Activity: Education Professions Development
(c) Vocational education (EPDA, Part F)

	1974	
1973	Authorization	Budget Estimate
$6,900,000	1/	$ ---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: This activity provides support to assist State and local education agencies and institutions of higher education in strengthening their efforts in recruiting and training individuals for the broad aspects of career and vocational education.

Explanation: Grants for fellowships are made to institutions of higher education that offer graduate study in a comprehensive program of vocational education that is approved by the State board of vocational education. Grants are also made directly to State boards for vocational education and for cooperative arrangement training activities with schools, private business or industry, or other educational institutions.

Accomplishments in 1973: The States received grants of a minimum of $34,000, with larger States receiving commensurately higher amounts proportionate to their unmet needs as reflected in their approved State Plan for Vocational Education. This program will be decentralized by June 30, 1973. The fellowship program has been broadened to include a wide array of leadership development activities. The program stresses increasing leadership capabilities in all educational agencies to enable them to provide for development and coordination of career education personnel development for all educational levels. At present there are seven institutions continuing their graduate level program being supported by Federal funds and a number of leadership personnel being supported with State funds.

Objectives for fiscal year 1974: No funds are requested for this program in 1974. Funds for training in vocational education and educational leadership are available from other sources.

Activity: Education Professions Development
(d) New careers in education, EPDA,
Part A, Section 504

	1974	
1973	Authorization	Budget Estimate
$500,000	1/	$---

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: The purpose is to attract qualified and diverse persons to the field of education who ordinarily would not consider this field either on a full-or part-time basis. Artists, scientists, homemakers and others are encouraged to undertake teaching or related assignments of a part-time or temporary basis. Capable youth are attracted to the field by identifying them at a point when they are forming their first realistic career plans, in high school, and encouraging them to investigate careers in education.

Explanation: The Commissioner is authorized to make grants to or contracts with State or local educational agencies, institutions of higher education, or other public or nonprofit agencies, organizations or institutions, and to enter into contracts with private agencies, institutions, or organizations.

Accomplishments in fiscal year 1973: Fiscal year 1973 funds are continuing several of the projects begun in prior fiscal years as well as to sponsor dissemination and workshop activities.

Objectives for fiscal year 1974: No funds are requested for this recruitment program in 1974 because of the general surplus of educational personnel.

Activity: Education Professions Development
(e) Higher education (EPDA, Part E)

	1974	
1973	Authorization	Budget Estimate
$8,000,000	1/	$ 2,100,000

1/ An amount of $300,000,000 is authorized for the Education Professions Development Act.

Purpose: Title V, Part E of the Higher Education Act of 1965 authorizes grants to and contracts with colleges and universities for the purpose of training present or prospective college teachers, administrators and educational specialists at less than the doctoral level. Funds may be used to support institutes and short-term training programs, and fellowships for full-time graduate study.

Explanation: Funds in support of institutes and short-term training programs cover the direct operating costs of the program, the indirect costs, and provide stipends for participants. Awards for fellowship programs provide stipends for graduate fellows and an institutional cost-of-education allowance for each student. Fellowships may not be used for graduate programs eligible for support under Title IV of the National Defense Education Act. Multi-year awards are sometimes made which provide support for programs extending over two or more years. Applications are reviewed by a panel of field readers and by the Office of Education.

Accomplishments in 1973: Of the fiscal year 1973 amount, $2,268,000 would be used for continuing 349 fellowships in their second year of study. The remaining $5,132,000 would support about 125 institutes and short-term training programs enrolling an estimated 7,400 trainees.

Objectives for fiscal year 1974: The request would provide for 322 fellowships which will be concentrated in areas of national priority, such as preparing student financial aid officers and the preparation of minority persons for positions in community colleges and higher education institutions.

Activity: 2. National priority programs
(a) Educational technology demonstrations
(1) Educational broadcasting facilities (Communications Act of 1934, Title III, Part IV)

	1974	
1973	Authorization	Budget Estimate
$13,000,000	1/	$10,000,000

1/ Authorization expires June 30, 1973.

Purpose: The purpose of this program is to assist in the establishment, expansion and improvement of noncommercial broadcasting facilities to serve the educational, cultural, and informational needs of Americans in their schools, homes, and local communities. Facilities purchased with assistance from this program enable States and locally-controlled public television and radio stations to air educational and community-service programs which suit and satisfy the needs of local audiences. Educational broadcasts, both those produced nationally and locally provide significant alternatives to those which commercial stations and networks can provide.

Explanation: The Secretary has authority to approve matching grants for the acquisition and installation of electronic equipment to be used in noncommercial educational broadcasting stations -- only broadcast systems are eligible. These grants may be awarded to the following eligible applicants: (1) public school systems; (2) tax supported colleges and universities; (3) State educational television and/or radio agencies; (4) nonprofit foundations, corporations, or associations authorized to engage in noncommercial broadcasting; and (5) municipalities which own or operate a facility used only for noncommercial broadcasting.

Accomplishments in 1973: In fiscal year 1973, the funds assisted in the establishment or improvement of 75 noncommercial radio and television stations. Grants enabled 12 new public radio stations to get on the air and improved the broadcasting capability of 16 operating public radio stations. Grants for public television facilities activated 10 new stations, and improvement grants assisted 38 existing stations.

Objectives for 1974: After fiscal year 1973 awards, there remained pending approximately 80 applications requesting more than $20,000,000 in Federal funds. It is anticipated that a $10,000,000 appropriation for this program will provide matching grants to support about 52 projects. This would include the activation of 12 new noncommercial radio stations and grants for improving or expanding the broadcast facilities of 10 noncommercial radio stations. The primary emphasis in support of the noncommercial radio facilities will be on reaching the top 100 major urbanized areas in the U.S. By the end of fiscal year 1973, 59 of these major population areas will have full-service noncommercial radio stations reaching approximately 70 percent of the population.

Emphasis in television support will continue to be on providing local stations with support for the purchase of up-to-date equipment, enabling local stations, for example, to obtain color film and videotaping equipment, for locally-originated production and program distribution. Except for the activation of 10 stations, principally in metropolitan areas of at least 250,000 persons, grants will help improve or expand the broadcast-related facilities of 20 stations.

Activity: National priority programs:

(a) Educational technology demonstrations:
(2) Sesame Street and The Electric Company

	1974	
1973	Authorization	Budget Estimate
$6,000,000	$ 1/	$3,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 in fiscal year 1974. The total requested under this authority is $64,900,000 in this and other appropriations.

Purpose: Support will be continued to Children's Television Workshop for the development, production and utilization of Sesame Street and The Electric Company.

Explanation: Under the Cooperative Research Act, Children's Television Workshop will receive a grant for research and development activities related to the production of their two children's television programs. Sesame Street is entering its fifth year of production and The Electric Company will be in its third production cycle.

Accomplishments in 1973: Current estimates indicate that Sesame Street reaches an audience of almost 12,000,000 children. The Electric Company reaches children in 6,000,000 households. School use of The Electric Company program is rapidly increasing.

Objectives for 1974: A reduction in research and development requirements along with funds generated from the sales of Children's Television Workshop produced or sponsored educational materials, will enable a reduction in Office of Education support for Sesame Street and The Electric Company. A grant of $3,000,000 should enable Children's Television Workshop to continue its preschool, in-school and home broadcasts.

Activity: 2. National priority programs
(b) Drug abuse education (Drug Abuse Office and Treatment Act of 1972, Section 410) 1/

	1974	
1973	Authorization	Budget Estimate
$12,400,000	$100,000,000	$3,000,000

1/ Authorization for fiscal year 1973 and prior was the Drug Abuse Education Act of 1970, which expires on June 30, 1973.

Purpose: The National Drug Education Program helps schools and communities assess and respond to their drug abuse problems by becoming aware of the nature of the problem and developing programs to attack its causes, rather than merely responding to its symptoms. The program strongly encourages a coordinated community effort.

Explanation: The funds are primarily allocated as project grants aimed at developing leadership teams at the State and local levels through a variety of training programs and technical assistance to programs developed by community teams.

Accomplishments in 1973: Fiscal year 1973 funds are being used to support operations from July 1973 through June 1974 at the 55 State and territorial projects, at 48 college and school/community-based projects (at significantly reduced levels), at the training centers (which will train 1,000 minigrant teams), and at the National Action Committee (also at a reduced level); $900,000 will fund a large evaluation of the Help Communities Help Themselves program (training community teams).

Objectives for 1974: The Program will support pilot demonstation projects to validate models of drug abuse prevention geared to particular communities with particular problems rather than support large-scale assistance. In addition, some community-oriented projects previously supported by the Office of Education will be funded by the National Institute of Mental Health in 1974.

Activity: National priority programs:

(c) Right to Read (Cooperative Research Act)

	1974	
1973	Authorization	Budget Estimate
$ 12,000,000	$ 1/	$ 12,000,000

1/ Authorized under Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: The purpose of this program is to increase substantially functional literacy in this country--to insure that by 1980, 99 percent of the sixteen year olds in the United States and 90 percent of the people over 16 shall be functionally literate; that is, that they will possess and use the reading competencies which an individual must have to function effectively as an adult in our society.

Explanation: Eligible grantees include local education agencies, institutions of higher education, State education agencies, and other public and private agencies. Grants will be reviewed by teams with membership from the Office of Education, other government entities, and non-government groups.

Accomplishments in 1973: In fiscal year 1973 this program will continue expansion of 214 local school and community projects; continue expansion of Right to Read States; continue coordination activities with related programs in the Office of Education; continue and expand technical assistance capability to include State education agencies; increase identification, validation, packaging, and marketing of effective reading programs; establish close liaison with the National Institute of Education; continue cooperative activities with and monitoring of the National Reading Center; coordinate "Reading is Fundamental" activities with Right to Read; fund an adult educational television series; and collect baseline data on all funded Right to Read projects.

Objectives for 1974: The objectives for fiscal year 1974 include the following: (a) the completion of the expansion of Right to Read States; (b) the funding of 50 community based projects serving 30,000 children; (c) the development of models and implementation strategies for 9 Office of Education reading related programs; (d) the continuation of validation of model reading programs for local use; (e) the development of model and implementation strategies for effective utilization of technology in improved reading instruction; (f) the development of a plan for retraining all teachers in reading by States; (g) the continuation of the assistance and support of the National Reading Council's efforts to involve the private sector; and (h) the development of planning material to assist State education agencies in the planning and implementation of State-wide reading programs.

Activity: 2. National priority programs
(d) Environmental education (Environmental Education Act)

1973	1974 Authorization	1974 Budget Estimate
$3,180,000	1/	---

1/ Authorization expires as of June 30, 1973.

Purpose: The goal of environmental education is to help assure the availability of locally relevant, effective, and useable environmental education resources and thus promote adequate opportunities for citizens to achieve "environmental literacy" for environmental improvement.

Explanation: Funds are available to any nonprofit agency, institution or organization for the support of environmental education demonstration projects.

Accomplishments in 1973: In fiscal year 1973, 175 projects are being supporte . Emphasis will be given to further development of resource materials, personnel development, community education, elementary and secondary projects, and mini-grant workshops for community groups.

Objectives for 1974: No funds are requested for this categorical program for fiscal year 1974. The primary purpose of the environmental education program has been to alert school systems of the need to include environmental subjects in their curriculum. This has been accomplished. Support for environmental education projects will continue to be available as part of broader purpose education authorities.

Activity: 2. National priority programs
(e) Nutrition and health (Elementary and Secondary Education Act, Title VIII, Section 808)

1973	1974 Authorization	1974 Budget Estimate
$2,000,000	1/	---

1/ Authorization expires June 30, 1973.

Purpose: This program demonstrates ways to organize local systems of child development services through more effective coordination of existing health and nutrition resources, particularly those of Federal programs.

Explanation: The program operates on a competitive project basis. Applications are submitted by local education agencies and are reviewed by an interagency review committee and by a panel of field readers. Chief State School Officers, State Title I coordinators, and HEW Regional Office staff are asked to comment on proposals.

Accomplishments in 1973: The twelve previously funded projects are continuing from prior years. This is the final year of Federal support for the eight projects initiated in fiscal year 1971. An evaluation design is being completed and will be implemented before the end of fiscal year 1973.

Objectives for 1974: No funds are being requested for this program in 1974. Sufficient models have been established. Projects will now be evaluated and successful practices disseminated.

Activity: National priority programs:

(f) Dropout prevention (ESEA, Title VIII, Section 307)

1973	1974 Authorization	1974 Budget Estimate
$8,500,000	$ 1/	$ 4,000,000

1/ Authorization expires as of June 30, 1973. This program authorization is automatically extended for one year at $33,000,000, under Section 413 of the General Education Provisions Act.

Purpose: This program is a discretionary grant program which provides federal funds directly to local school districts. It is designed to develop demonstration model programs, in selected public elementary and secondary schools, for reducing the number of students who leave school before high school graduation. The projects are located in schools which have excessive school dropout rates and large numbers of disadvantaged students. Models which are effective in these locations can be replicated by other school systems which have high dropout rates.

Explanation: In 1973, 19 projects will be continued and 2 new projects will begin. It is estimated that 100,000 students will be affected in 1974, making a total of 275,000 students reached by the fifth year of the Title VIII program.

Accomplishments Fiscal Year 1973: An analysis of current projects was made to identify the components which have been most successful in reducing the school dropout rate. The thrust to maximize effectiveness will be continued through emphasis on accountability, community involvement, evaluation design and measurement. Career Education was emphasized in all dropout prevention projects. Progress was generally measured by comparing data related to the 1967-68 school year (base year). An evaluation of projects shows the following interesting facts:

> The dropout rate in the selected schools of the Title VIII program has steadily decreased from 8.65% in 1968-69, to 6.7% in 1969-70, to 5.8% in 1970-71, to 4.5% in 1971-72. Approximately 1,500 fewer suspensions were reported in 1971-72 as compared to 1968-69.
>
> Projects with reading and math components have reported average gains of 1.5 to 2.0 years in student achievement.
>
> Forty businesses and industries are working cooperatively with the target schools providing school and work experiences for school youth.

Accomplishments Fiscal Year 1973: Two new one-year projects which are serving Mexican-American communities were developed. Interim reports indicate a continued improvement in reading and mathematic scores. School systems are continuing to adopt practices demonstrated by the Title VIII projects.

Objectives for 1974: Having accomplished its objective of demonstrating successful ways to deal with the dropout problem, results are being disseminated and the program phased-out. Nine demonstration projects begun in prior years will be continued through this last year of funding.

Activity: Data systems improvement
(a) Educational statistics (Cooperative Research Act)
(1) Surveys and special studies

1973	1974 Authorization	1974 Budget Estimate
$4,250,000 1/	2/	$7,400,000

1/ Base figure does not include $840,000 allocated for functions transferred to NCES for elementary and secondary program information surveys.

2/ Authorized under the Cooperative Research Act, which has a total authorization of $68,000,000 in fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: This program provides data on a current and responsive basis for planning, policy and administrative uses by Federal, State, local and institutional decision-makers.

Explanation: Contracts are awarded on the basis of competitive procurement to universities, and to commercial and nonprofit agencies; also contracts are awarded to State agencies for data collection.

Accomplishments in fiscal year 1973: In fiscal year 1973, funds were used to continue the longitudinal study of educational effects, to complete vocational education directories of secondary and postsecondary institutions, for prototype cost-sharing projects with most State departments of education, to make analytical studies of educational manpower, and conduct other studies relating to a systematic effort to reduce major gaps in educational statistics. In addition, a mapping project was completed which will make it possible to retrieve socio-economic data from the 1970 Census by individual school districts for analysis in conjunction with extensive educational data at the district level. Systematic investigation of major policy concerns in elementary-secondary finance has yielded analysis formats for Federal issue-oriented data.

Objectives in fiscal year 1974: In fiscal year 1974, the request will continue or complete activities funded in prior years. In addition, data will be collected for use in planning programs in career education and surveys of postsecondary institutions. The Federal elementary and secondary program information surveys (see footnote 1/ above), previously funded from other Office of Education appropriations, will be funded under this appropriation. Based on a 1973 study, school finance data elements required for Federal policy analysis will be added to data collection designs to provide this data on a time series basis. The ongoing school district survey program will be streamlined through survey consolidation, repackaging, and redesign. Improvements will continue to be made in the standards and quality of of data collected and the timeliness of the availability of recurring data. New statistical efforts will cover and document new developments in the areas of career education (e.g. survey of postsecondary institutions), Right to Read (e.g. Anchor Test), adult education (e.g. role of nonprofit community organizations), higher education management (e.g. student data manual), and other areas of high concern.

Activity: Data systems improvement
(a) Educational statistics (Cooperative Research Act)
(2) Common core of data

	1974	
1973	Authorization	Budget Estimate
$ ---	1/	$ 500,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 in fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: The Common Core of Data program (CCD) is a major new initiative by the Office of Education to replace the current uneven and largely inadequate provision for educational statistics in the 50 States, 6 outlying areas, and the District of Columbia by developing an integrated and interlocking system of educational statistics to meet Federal, State, local and institutional needs for planning and management. The Federal Government will play a leadership role in stimulating development of an integrated information system designed to provide data concerning the formal educational system--elementary-secondary schools and postsecondary institutions--and the informal education system, including libraries, museums, and educational broadcasting. State data collection, which will be compatible among States, and analysis and reference services, based on the resulting data banks to be developed under CCD, will provide an important asset at the Federal level as well as to State management of resources under revenue sharing.

Explanation: The development of effective coordinated statistical systems will be funded on a cost-sharing basis recognizing the Federal demands on States for data not compiled for State/local purposes, and reflecting also the Federal interest in inter-State comparability. Federal sharing is expected to be greatest during the design and implementation of new data system elements, after which the continuing Federal share of costs would be related to the Federal data demands, and to the ongoing adaptations to the system.

Accomplishments in fiscal year 1973: In fiscal year 1973 various grants and contracts were awarded to identify user requirements and necessary data elements to properly analyze major issues, and to develop basic planning guides for development of CCD. Advisory committees have met to provide basic guidance on developing the elementary-secondary and postsecondary sectors of CCD.

Objectives for fiscal year 1974: Design work will be started on the core, i.e., the content of the financial components of a national integrated system of educational statistics to meet the requirements of Federal, State, local and institutional planning and management. For the elementary-secondary sector, planning will be carried out for implementation in 1700 school districts to start in fiscal year 1975. For the postsecondary sector, planning will be carried out for implementation in 250 institutions of higher education and in other public postsecondary institutions. A program will be started to set standards for collection and presentation and to provide technical leadership in the application and use of quantitative data relating to all aspects of American education. Reference activities will be tailored to specific requirements of Federal and State governments and local education agencies.

Activity: Data systems improvement
(b) National achievement study (Cooperative Research Act)

1973	1974 Authorization	1974 Budget Estimate
$6,000,000	1/	$7,000,000

1/ Authorized under the Cooperative Research Act which has a total authorization of $68,000,000 for fiscal year 1974. The total request under this authority is $64,900,000 in this and other appropriations.

Purpose: The Office of Education collects information about the educational attainment of young Americans in terms of their knowledges, skills, understandings, and attitudes. Its major goals are: to provide national data on the educational attainments of young Americans by subject areas, and to measure change in such educational attainments over a five-year interval. Data is collected from a representative national sample of four age groups: 9-year olds, 13-year olds, 17-year olds and the 26-to 35-year olds.

Explanation: The National Achievement Study was authorized by the 90th Congress, and is carried out under the Cooperative Research Act through a grant to the Education Commission of the States in Denver, Colorado.

Accomplishments in fiscal year 1973: Achievement data is being collected for science and mathematics. Reports are being released for reading, literature, and social studies. Connecticut, Iowa, Massachusetts, and Maine conducted State assessments drawing on the methods and materials of the National Assessment of Educational Progress.

Objectives for fiscal year 1974: Results of the second science assessment will be reported and will permit time comparisons to be made for the first time. Results will be reported in mathematics, music and social studies. Assessments in writing (second cycle) and in career and occupational development (first cycle) will be conducted.

The 1,000,000 increase will be used for wider dissemination and reporting, to meet the demand for technical assistance by States and localities, and to develop design formats for reporting first and second cycle data. The Office of Education will support analytical studies which will contribute to national policy guidance for allocation of Federal resources to education based on Achievement findings.

SUBCOMMITTEE RECESS

[Whereupon, at 1:05 p.m., the subcommittee was recessed, to reconvene at 2:30 p.m. the same day.]

[AFTERNOON SESSION, 2:35 O'CLOCK, TUESDAY, MAY 22, 1973]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

EDUCATIONAL ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

STATEMENT OF PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

ACCOMPANIED BY:
- DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION/DESIGNATE
- DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING EVALUATION, AND MANAGEMENT
- DR. ROBERT LEESTMA, ASSOCIATE COMMISSIONER FOR INTERNATIONAL EDUCATION
- DR. RICHARD THOMPSON, DIRECTOR, DIVISION OF FOREIGN STUDIES, INSTITUTE FOR INTERNATIONAL STUDIES
- RICHARD RANNEY, EXECUTIVE OFFICER, INSTITUTE FOR INTERNATIONAL STUDIES
- JOE G. KEEN, BUDGET OFFICER
- JESS BERRY, BUDGET ANALYST
- WILLIAM DINGELDEIN, ACTING CHIEF, EDUCATION BRANCH, OFFICE OF THE COMPTROLLER

INTRODUCTION OF ASSOCIATES

Senator COTTON. The subcommittee will come to order.

This afternoon we will hear a request for $3 million for "Educational activities overseas."

Peter Muirhead, who is here to tell us about this request and we are glad to see you again, so soon and we welcome your statement.

Mr. MUIRHEAD. Thank you, Mr. Chairman.

If I may, I would like to introduce: Immediately on my right is Dr. Robert Leestma, who is the Associate Commissioner for International Education in the Office of Education and to his right of course, Commissioner Ottina.

And with your permission, Mr. Chairman, I should like to read this rather short statement.

Senator COTTON. Certainly.

BUDGET REQUEST

Mr. MUIRHEAD. Mr. Chairman and members of the committee, the 1974 budget request for $3 million in U.S.-owned excess foreign currencies is to assist American education in providing selected training and research programs abroad in foreign languages, area studies, and world affairs.

COUNTERPART FUNDS

Senator COTTON. Excuse me. A U.S. owned excess foreign currency—is that a way of talking about counterpart funds?

Mr. MUIRHEAD. Yes, sir.

Senator COTTON. Now I understand what you mean.

Mr. MUIRHEAD. The $3 million requested would enable the Office of Education to take advantage of U.S. owned excess foreign currencies to help improve the quality of scholarship and teaching about the non-Western World in U.S. schools and colleges, promote research to advance our knowledge of other countries and cultures, and assist studies in cooperation with educational institutions abroad on topics of international concern.

The use of U.S.-owned excess foreign currencies in support of carefully selected educational research, training, and curriculum development activities abroad will help American schools and colleges increase the ability of Americans to understand, and deal competently with other nations and people.

I shall be pleased to answer any questions the committee may wish to ask.

Senator COTTON. How much so-called soft money do we have left abroad now?

Dr. Leestma?

Dr. LEESTMA. The latest figures, sir, which are current as of the end of 1972, that would be about 5 months ago, show a grand total of about $1.576 million, the great bulk of which is found in four countries: India, Poland, Egypt, and Pakistan. A little over half of that total is in India.

Senator COTTON. Off the record.

[Discussion off the record.]

Senator COTTON. Tell me again what that total figure is.

Dr. LEESTMA. $1,576 million, sir.

Senator COTTON. This may answer this question.

PROJECT SUPPORT DROP

I notice in your budget justification the number of projects supported will drop from 110 in 1973 to 100 in 1974.

Shouldn't you be going in the other direction given that you propose to cut out the foreign training and study program in the higher education account? I suppose the answer to that is the fact that that money is confined to those countries?

Mr. MUIRHEAD. A precise answer to that question, Senator, is that in 1973 we had a carryover from 1972, so that we were actually able to expend $3,638,000 in 1973 supporting 110 projects, whereas we are asking for $3 million in 1974, considerably less than the expenditures in 1973, and supporting 100 projects.

Senator COTTON. In your statement, how do you improve the scholarship and teaching of the non-Western world in the U.S. schools and colleges, promote research to advance our knowledge of other countries and cultures, to assist studies in cooperation with educational institutions abroad on topics of international concern?

Now, for that purpose you send over students. Where do you send over—and are they mature leaders in education or both?

Mr. **Muirhead**. We send over largely the latter. We do send over graduate students that are pursuing advanced degrees and who do want to support their dissertation study abroad.

We also receive from these countries foreign scholars who complement the services in our own colleges and universities.

Senator **Cotton**. Do you support them with U.S.-owned counterpart funds?

Mr. **Muirhead**. The counterpart funds help support our students and faculty studying abroad, and also defray foreign travel costs for foreign curriculum consultants coming to the United States.

Senator **Cotton**. I mean by that the counterpart funds are good—an authorized American can spend them in that country but they can't spend over here to take care of their expenses can they?

Dr. **Leestma**. There is a fine point there, Senator. Under one of our programs, the foreign curriculum consultant program, we bring over educational experts from these countries where excess foreign currencies are available, to work with State departments of education, smaller 4-year colleges, teacher training institutions, large school systems, and consortia of such institutions and agencies in a curriculum consultant capacity. That is actually the only program in this appropriation under which we bring foreign educational experts to this country.

Now to speak specifically to the point you raised, the major expenditure of excess foreign currencies that we can make in that particular program is for the consultants' foreign travel because the rupees, for example, in the case of India, are not expendable in this country. So the dollar portion of the cost is provided partly from our Fulbright-Hays appropriation and partly from the local school system or college. It is important to note that this is a cost-sharing program. The Office of Education pays approximately half of the cost in the United States and the receiving educational institution pays half. But the round-trip air transportation, economy class, will be paid from this appropriation for those consultants who come from one of the countries where excess foreign currencies are found.

Senator **Cotton**. You say these currencies are not expendable in this country, but isn't that because of the law that governs it and the agreement with those countries?

Dr. **Leestma**. That is right.

Senator **Cotton**. If the value of the dollar keeps going down, won't the rupees be more than the dollars expended in this country?

Dr. **Leestma**. It is two things; one is basically what you say and second the fact that traditionally most of these currencies have not been convertible into hard currencies.

PROGRAM FEEDBACK

Senator **Cotton**. Do you get any feedback on what happens to the students that are involved in this program? Do most of them stay in the academic world as teachers?

Dr. **Leestma**. The general answer is clearly yes, because they are picked with that in mind.

The framework that we use in selecting participants is whether they are teachers or prospective teachers of foreign language, area studies and world affairs. That means we send no elementary or secondary school students, very few undergraduate students and then only if they are in their junior or senior years and specializing in, say, Asian studies in the case of India. Most of the students that would be sent are university students that already have a considerable expertise in the county concerned and many would be working for a highly specialized degree, like a doctorate.

On the faculty side, if they are college and university faculty, again they would fall under the heading of teachers or prospective teachers of foreign languages or area studies. If they are elementary and secondary teachers or curriculum supervisors, they are people that have responsibilities in their home school systems for teaching about other parts of the world.

Senator COTTON. You don't have to worry about that because they are frozen into their career already?

Dr. LEESTMA. Exactly. The return is extremely high on the dollar.

Senator COTTON. You mentioned curriculum development in your statement. Do you have any idea whether studies developed abroad are actually being used in the classrooms? That is almost repetitious of the last question but not quite.

Mr. MUIRHEAD. Dr. Leestma, would you respond to that?

Dr. LEESTMA. We are concerned with the preparation of curriculum materials for highly specialized programs in colleges and universities and for general education at all levels. At the college level, it is fair to say that the great majority of specialized teaching and learning materials for the non-Western languages in these countries covered by this appropriation were produced by this very program and the NDEA title VI research program. While the bulk of these expenditures were made in the U.S. and therefore were with dollars from the NDEA program, some important research was done abroad with U.S. owned excess foreign currency.

CUMULATIVE SUMMARY

We would be glad to furnish each member of the committee an up-to-date cumulative summary of the research projects we have helped fund over the years with these two programs and we would be glad to provide a summary for the record, if you would like to have it.

Senator COTTON. I think we would like to have that.

[The information follows:]

Office of Education Use of Excess Foreign Currency for Research and Materials Development in Conjunction with Section 602, Title VI, NDEA Research Program

	Dollar Equivalent
Fiscal Year 1970:	
Excess foreign currency used by 2 projects to supplement dollar funds:	
A Political & Historical Gazeteer of Afghanistan (U. of Arizona, L. W. Adamec)......................	$ 441
Reader for Advanced Spoken Tamil (U. of Washington, H. Schiffman)....................................	2,188
Subtotal, Fiscal Year 1970....................	2,629
Fiscal Year 1971:	
Five projects funded entirely with excess foreign currencies:	
Communicating in Polish (Photographic material with exercises) (Foreign Service Institute, B. Penny)...	4,061
Preparation of Polish Language Teaching Materials and Advanded Tests (U. of Kansas, O. Backus).......	47,184
Contrastive Analysis of the Sound Systems, Grammars, and Lexicons of Polish and English (Center for Applied Linguistics, W. Nemser)....................	17,080
Contrastive Analysis of the Sound Systems, Grammars, and Lexicons of Serbo-Croatian and English (Center for Applied Linguistics, W. Nemser)................	31,455
Medieval India Bibliography Project (U. of Wisconsin, J. C. Wells)......................................	18,685
Three projects supplemented with excess foreign currencies:	
Handbook of Research Resources on East Central and Southeastern Europe (American Council of Learned Societies, G. Turner) (Zloty supplement)...........	3,131
Social Patterns of Current Indian Society (Syracuse University, M. J. Curtiss) (Rupee supplement)......	4,350
Research on Contrastive Syntatic Typology (Language Research Foundation, S. Andersen) (supplemented in various currencies)............................	15,896
Subtotal, Fiscal Year 1971....................	141,842

	Dollar Equivalent
Fiscal Year 1972:	
Two projects funded entirely with excess foreign currencies:	
A Dictionary of Spoken Egyptian Arabic (Arabic/Engilsh) (American University in Cairo, M. Hinds)..	$ 58,247
Set of Intermediate and Advanced Marathi Materials (U. of Pennsylvania, M. Berntsen).................	30,826
Five projects supplemented with excess foreign currencies:	
Tamazight Basic Course - Morroco (U. of Wisconsin, J. Harries)......................................	9,853
A course in Advanced Bengali (U. of Pennsylvania, E. Bender)..	11,475
Hindi Dual Language Reader for Area and Advanced Language Students (U. of Wisconsin, U. Nilsson)...	26,495
Transcription & Microfilming of Oral Traditional Poetic Texts in Native Languages of Yugoslavia (Harvard University, A. Lord).....................	6,238
Tone Systems of Tibeto-Burman Languages of Nepal and India (Summer Institute of Linguistics, K. L. Pike)......................................	18,529
Subtotal, Fiscal Year 1972....................	161,663
GRAND TOTAL..	306,134

In addition, several related research and materials development activities have been carried out abroad by individuals funded under the Faculty Research and Doctoral Dissertation Abroad programs which also receive part of their funds from this excess foreign currency appropriation.

ELEMENTARY AND SECONDARY SCHOOLS

Dr. LEESTMA. In the case of elementary and secondary schools a considerable effort is made to select people who have or will have a multiplier effect. That is, someone who is in charge of, say, social studies for an entire school system, so that what they learn can in turn be shared with all the social studies teachers. Here is one example from the project funded last year from this appropriation. It was a project that aimed at introducing secondary school teachers to Morocco so they could teach more about north Africa in the curriculum at home.

To insure that this project will have a broad and continuing impact, learning packets, organized around things such as "Life in one Moroccan village," and "Ways of making a living in Morocco," will be made available at cost to schools in Pennsylvania and in other States.

The project director estimates that products of the seminar have already reached 150 schools and 140,000 students in the State of Pennsylvania.

That's an example of simply one project.

Senator COTTON. These hundred projects—I don't expect you to enumerate them—but these are fixed and planned projects in various countries?

Dr. LEESTMA. Yes, but that figure is slightly misleading because it is a composite total of group projects and individual projects. The group project I just mentioned, which included 25 elementary and secondary school teachers and faculty members from Temple University, counts as only one project. Grants to individual doctoral students or faculty members for highly specialized research each count as a separate project.

Senator COTTON. 25 to 100 might be all in one country with one group that travels, at least travel to there together. However, there has been a ——

Dr. LEESTMA. Twenty-five individuals might be in one country, yes, and 25 other projects may also be in one country but that would be, as I say, a composite figure that might be made up of 16 doctoral students, 9 professors pursuing advanced research, and possibly 25 elementary school teachers in one group project.

Senator COTTON. A project means usually several people.

Dr. LEESTMA. We have different categories.

One is called the group project which, by definition, includes several people in one project.

Senator COTTON. Regardless of that would you furnish at this point in the record, if it is all planned ahead and if it is not classified material, for purposes of the record, what countries?

COUNTRIES HAVING PROJECTS

You need not go into detail about the projects, but what countries are these projects in?

Dr. LEESTMA. We would be very pleased to.

[The information follows:]

The list of countries having projects are: India, Pakistan, Poland, Tunisia, Arab Republic of Egypt, and Yugoslavia.

FOREIGN COUNTERPART FUNDS

Senator COTTON. Do you know what countries offhand?

Dr. LEESTMA. They would fall in to one of six countries in this appropriation and the majority would fall in four countries: India, Egypt, Poland, Pakistan, with Yugoslavia and Tunisia being the other two.

Senator COTTON. One factor in that determination is that those other countries—I guess not Yugoslavia perhaps, but those other countries where we still have some counterpart funds.

Dr. LEESTMA. Where we have a supply of counterpart funds that has been ruled by the Treasury to be in excess of the normal U.S. Government needs; that is, the local currency expenditures of the American Embassy and the things of that sort that are on a continuing basis.

Senator COTTON. So you have to have the approval of the Treasury before you plan the expenditures?

Dr. LEESTMA. Yes, sir, in the sense of moneys available, but not in the sense of their approval of a specific kind of project activity.

EXCESS CURRENCY LIST

Each year the Treasury makes a determination of which countries are placed on the excess currency list, countries where moneys are available for expenditure for legitimate, well-planned purposes. These plans must go through the normal appropriations process and our own Office of Education, Department, and OMB planning process, before they come to you for your assessment.

Senator COTTON. One more question.

Why shouldn't the general public get some of the benefit of this information? In other words, do your people come back and not only teach but, for instance, the chairman of the subcommittee, Senator Magnuson, who is the chairman of the Committee on Commerce—and I'm on that committee, and we deal with public television. And we are having a good deal of discussion on that committee now about all of these people that come back.

Do they give programs on the public television? Do they lecture to teachers' conventions even to—I was going to say Rotary Clubs, but I would mean something bigger than that—groups of American adults to transmit their knowledge, to broaden the knowledge of the public?

Dr. LEESTMA. Yes, sir; that happens and it happens very frequently both at the elementary and secondary school level where teachers and curriculum supervisors return to share the insights they have gained abroad.

And we have a large number of examples of teachers who have shared their knowledge with local civic groups and over local television stations, as well as in the classroom and in professional journals.

AGENCY FOREIGN MISSIONS

I might also point out that some 15 other agencies of Government apply for funds—the same excess foreign currency funds that we are concerned with under the existing legislative authority. Under Public Law 480, any other agency of Government that has a legitimate purpose within their legislative frame of reference within the terms of the mission of their agency, can also apply. Those agencies of the Federal Government that receive Federal funds for television broadcasting, for health research, or for other things can apply for the use of these moneys as well, to be used to serve their own agencies' mission.

Senator **Cotton**. You mean like the Department of Commerce sending people over there to study trade conditions?

Dr. **Leestma**. Yes, sir.

For example, just to take a few of these 15. The Library of Congress receives appropriations of this sort of money for the collection and distribution of library materials. The Department of Agriculture, the Forest Service, for cooperative research overseas.

Commerce, Defense, Interior, Labor, Transportation, the Environmental Protection Agency, the National Science Foundation. The Smithsonian Institution receives appropriations of this type for archeological research, for example, and so forth.

Senator **Cotton**. NIH, Social Security, and Labor?

Dr. **Leestma**. Yes.

Senator **Cotton**. I guess what we need is more counterpart funds and less departments.

We are very grateful to you for appearing today, and for your information.

Dr. **Leestma**. Thank you, sir.

JUSTIFICATION

Senator **Cotton**. We will place the justification in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

EDUCATIONAL ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Office of Education, as authorized by law, $3,000,000, to remain available until expended: *Provided*, That this appropriation shall be available, in addition to other appropriations to such office, for payments in the foreign currencies.

Amounts Available for Obligation

	1973 Revised	1974
Appropriation	$ 3,000,000	$ 3,000,000
Unobligated balance, start of year	638,105	---
Total, obligations	3,638,105	3,000,000

Obligations by Activity

	1973 Estimate	1974 Estimate	Increase or Decrease
Grants to American institutions (Total obligations)	$ 3,638,105	$ 3,000,000	$ -638,105

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Travel and transportation of persons	$ 21,000	$ 17,000	$ -4,000
Other services	343,000	343,000	---
Grants, subsidies and contributions	3,274,105	2,640,000	-634,105
Total obligations by object	3,638,105	3,000,000	-638,105

Summary of Changes

1973 Estimated obligations..	$ 3,638,105
1974 Estimated obligations..	3,000,000
Net change..	-638,105

	Base	Change from Base
Decreases:		
A. **Program:**		
1. Grants to American institutions........	$ 3,638,105	$ -638,105
Total, net change................................	---	-638,105

Explanation of Changes

Decreases:

A. **Program:**

1. Grants to American institutions.--This budget requests $3,000,000 each for 1973 and 1974. The decrease in estimated obligations is the result of including, in the 1973 amount, $638,105 brought forward from 1972.

Authorizing Legislation

Legislation	1974 Authorized	 Appropriation requested
Mutual Educational and Cultural Exchange Act of 1961 (P.L. 87-256; Sections 102(b)(6) and 105(d))......	Indefinite	$ 3,000,000
Agricultural Trade Development and Assistance Act of 1954; Section 104, Special Foreign Currency.......	Indefinite	

Mutual Educational and Cultural Exchange Act of 1961

(P.L. 87-256)

SEC. 102.

(b) In furtherance of the purposes of this Act, the President is further authorized to provide for—

(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of these countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities;

SEC. 105.

(d) The President is authorized—

(1) to reserve in such amounts and for such periods as he shall determine to be necessary to provide for the programs authorized by subsections 102(a)(1) and 102(a)(2)(i), and

(2) not withstanding the provisions of any other law, to use in such amounts as may from time to time be specified in appropriation Acts, to the extent that such use is not restricted by agreement with the foreign nations concerned, for any programs authorized by this Act,

any currencies of foreign nations received or to be received by the United States or any agency thereof—

(i) under agreements disposing of surplus property or settling lend-lease and other war accounts concluded after World War II;

(ii) as the proceeds of sales or loan repayments, including interest, for transactions heretofore or hereafter effected under the Agricultural Trade Development and Assistance Act of 1954, as amended;

(iii) in repayment of principal or interest on any other credit extended or loan heretofore or hereafter made by the United States or any agency thereof; or

(iv) as deposits to the account of the United States pursuant to section 115(b)(6) or section 115(h) of the Economic Cooperation Act of 1948, as amended, or any similar provision of any other law.

Agricultural Trade Development and Assistance Act of 1954

(P.L. 480, 83d Congress)

AN ACT To increase the consumption of the United States agricultural commodities in foreign countries, to improve the foreign relation of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".

SEC. 2. The Congress hereby declares it to be the policy of the United States to expand international trade; to develop and expand export markets for United States agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States.

* * * * * * *

SEC. 104. Notwithstanding any other provision of law, the President may use or enter into agreements with foreign countries or international organizations to use the foreign currencies, including principal and interest from loan repayments, which accrue in connection with sales for foreign currencies under this title for one or more of the following purposes:

(a) For payment of United States obligations (including obligations entered into pursuant to other legislation);

(b) For carrying out programs of United States Government agencies to—

(2) finance with not less than 2 per centum of the total sales proceeds received each year in each country activities to

assist international educational and cultural exchange and to provide for the strengthening of the resources of American schools, colleges, universities, and other public and nonprofit educational agencies for international studies and research under the programs authorized by title VI of the National Defense Education Act, the Mutual Educational and Cultural Exchange Act of 1961, the International Education Act of 1966, the Higher Education Act of 1965, the Elementary and Secondary Education Act of 1965, the National Foundation on the Arts and the Humanities Act of 1965, and the Public Broadcasting Act of 1967.

(3) collect, collate, translate, abstract, and disseminate scientific and technological information and conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and promote and support programs of medical and scientific research, cultural and educational development, family planning, health, nutrition, and sanitation;

(5) finance under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, (A) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational

significance, (B) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (C) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

SEC. 403. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act including such amounts as may be required to make payments to the Commodity Credit Corporation, to the extent the Commodity Credit Corporation is not reimbursed under sections 104(j) and 105, for its actual costs incurred or to be incurred. In presenting his budget, the President shall classify expenditures under this Act as expenditures for international affairs and finance rather than for agriculture and agricultural resources. (7 U.S.C. 1733)

Educational Activities Overseas
(Special Foreign Currency Program)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 800,000	$ 500,000	$ 500,000	$ 500,000
1965	500,000	500,000	500,000	500,000
1966	1,000,000	1,000,000	1,000,000	1,000,000
1967	1,800,000	1,800,000	1,000,000	1,000,000
1968	7,400,000	4,600,000	---	---
1969	4,000,000	1,000,000	1,000,000	1,000,000
1970	1,000,000	1,000,000	1,000,000	1,000,000
1971	3,000,000	3,000,000	3,000,000	3,000,000
1972	3,000,000	3,000,000	4,000,000	3,000,000
1973	3,000,000			
1974	3,000,000			

General Statement

Public Law 480, 83rd Congress, as amended by Public Law 90-436 (the Ellender Amendment), and Sections 102(b)(6) and 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 authorize the use of U.S.-owned foreign currencies derived from the sale of surplus agricultural commodities abroad, loan repayments, and other sources to strengthen the international dimensions of American education through opportunities for research and training abroad. The countries in which these funds are currently available are: Arab Republic of Egypt, India, Pakistan, Poland, Tunisia, and Yugoslavia.

The Special Foreign Currency Program is specifically designed to:

1. Increase the cadre of educators who can communicate knowledge of world affairs and foreign cultures to their students, colleagues, and communities;
2. Improve the professional capabilities of existing personnel in international studies;
3. Develop curricula and instructional materials for teaching about the non-Western world;
4. Offer learning experiences in other cultures to selected American educators to help reduce ethnocentrism in the U.S. educational system.

Grants to American Institutions

	1973	1974	Increase or Decrease
Budget Authority----------------	3,000,000	3,000,000	--
Obligations--------------------	3,638,105	3,000,000	- 638,105

Narrative

Within the Special Foreign Currency Program administered by the Office of Education, the major program categories geared to national need are:

1. Group Training and Curriculum Development: First-hand study and relevant educational experience in another culture as well as preparation of curriculum guides and teaching materials for improving instruction of international and intercultural studies for all levels of the American educational system.

   Participants include college and university faculty members, deans of instruction and coordinators of world affairs programs in community colleges, educational leaders at the State level, curriculum consultants and supervisors, school administrators with responsibility for leadership in educational innovation, experienced elementary and secondary school teachers and selected graduate and advanced undergraduate students specializing in foreign language, area studies, and world affairs.

2. Advanced Language Training: Language instruction and cultural immersion in special summer and year-long intensive programs in selected non-Western languages, such as Polish, Serbo-Croatian, Arabic, and Hindi-Urdu, for teachers and prospective teachers of foreign language and area studies.

3. Research and Studies: Research fellowships for the production of new knowledge by key faculty members and doctoral candidates engaged in dissertaion research. This category also encompasses linguistic studies, preparation of foreign language textbooks, compilation of research reference materials (including bibliographies and translation of selected foreign publications on education), and comparative education studies in support of the Office of Education's responsibility for keeping abreast of educational developments in other countries.

4. Inter-institutional Cooperative Research: Comparative and cross-cultural studies carried out jointly by American institutions and institutions abroad. Projects focus on education problems and processes which the cooperating countries share and which reflect DHEW Education Division priorities for improving American education. Research topics include early childhood education, education for the handicapped, and comparative analyses of urban and environmental problems. Grants are made to and administered by the American institutions involved.

Accomplishments in Fiscal Year 1972

In fiscal year 1972, a total of $2,642,230 was obligated, providing assistance to more than 800 individuals participating in 85 projects conducted in India, Poland, Yugoslavia, the Arab Republic of Egypt, Tunisia, and Morocco.

Funds in the amount of $1,367,542 helped support group projects abroad for training and curriculum development involving 615 advanced students and faculty members from all levels of the American educational spectrum; $615,679 provided advanced level language training programs for 205 students; $396,014 supported 23 individual faculty and 14 partially-funded doctoral research fellowships; $161,663 funded 5 contracts for the preparation of foreign language textbooks; $54,682 was utilized for bibliographic projects in cooperation with the National Science Foundation; and $46,650 assisted two inter-institutional cooperative research grants.

Representative examples of projects assisted under the Special Foreign Currency Program in 1972 include:

1. Fifteen American graduate students in South Asian studies, selected through a national competition by the American Institute of Indian Studies, participated in a 9-month program at an Indian

university for intensive advanced instruction in one of three major Indian languages: Hindi-Urdu, Marathi, or Tamil.

2. Twenty full-year graduate students and 30 summer students, each with at least two years' previous study of Arabic, engaged in a formal program of intensive language and area study at the American University in Cairo. The program was conducted by the Center for Arabic Studies Abroad (CASA), a consortium of nine American universities created to improve American teaching and scholarship related to the Middle East. Students were recruited through national competitions. The instructional materials developed at CASA were made available to institutions in the United States.

3. Twenty-four teachers and prospective teachers of Asian studies participated in a curriculum development seminar in India sponsored by New York University as the first phase of a new 3-summer M.A. program which prepares students to teach non-Western studies in secondary schools. The teachers spent the summer of 1972 studying under Indian professors and developing curriculum materials on contemporary India which are available at cost to teachers of Asian studies. Since completion of the seminars, the teachers have met twice to review, evaluate, and exchange project results.

4. Another project, conducted in Morocco, enabled 25 elementary and secondary school teachers from Bucks County, Pennsylvania, and faculty members from Temple University to participate in a summer seminar for curriculum development. Upon their return, the teachers participated in a 3-credit graduate course at Temple University to develop specific instructional offerings, including audio-visual aids. Temple University faculty will work directly with the teachers in testing the materials throughout Bucks County schools. The project was designed to improve the ability of Bucks County teachers to meet recent State requirements for interdisciplinary courses in world culture and will help Temple University, a major producer of educational manpower in southeast Pennsylvania, to upgrade offerings on non-Western culture.

5. Fellowships for research abroad enabled 23 faculty members and 14 doctoral candidates to conduct projects in 6 foreign currency countries during 1972-73. Many of these studies utilized interdisciplinary research techniques in examining a variety of significant academic subjects and issues. Examples of research topics include: the development of legal codes and the administration of justice in India; the role of traditional Islamic philosophy in current Arab scholarship; and a comparative analysis of methods used in developing managerial manpower in Yugoslavia and Poland.

The cumulative experience derived from the operation of this program has demonstrated the value to American education of utilizing U.S.-owned excess foreign currencies for educational purposes. Program opportunities have been broadened to help serve an increasingly wider range of American educational institutions. For the great bulk of the grants, proposals are submitted in a nationwide competition and are reviewed by both outside consultants and staff specialists for sound educational planning and the likelihood of significant contribution to American education. Field evaluations of feasibility are contributed by American embassies and host governments abroad. Formal reports assessing each project as a whole are submitted to the Office of Education by project directors or individual grantees. Provision is also made for comment by American embassies and Fulbright binational commissions overseas. Further, selected sample projects are monitored in the field by staff specialists from the Office of Education's Institute of International Studies, and occasionally by outside specialists. These reviews and evaluations are analyzed by IIS staff and the findings used to improve project content and evaluation procedures for succeeding year programs.

Plans for Fiscal Year 1973

An amount of $3,638,105, including $638,105 brought forward from 1972, will enable the Office of Education to support about 110 projects in foreign languages, area studies, and world affairs. Cost sharing requirements and extensive use of cooperative institutional arrangements will maximize program impact and effectiveness, thus enabling more than 250 educational institutions to participate. Specifically, assistance will be provided for about 53 group projects for training, curriculum development, and advanced language instruction; 30 faculty research fellowships; 15 fellowships for doctoral dissertation research; 5 research contracts for the preparation of foreign language or area studies instructional materials; and 2 educational bibliographic projects undertaken in conjunction with the National Science Foundation. In addition, it is anticipated that the inter-institutional cooperative research abroad program will be expanded to approximately 5 projects.

Plans for Fiscal Year 1974

A total of $3,000,000 in available foreign currencies is requested for fiscal year 1974 to assist a total of 100 individual and group projects. The program will emphasize those sectors of American education where study of the modern world has not kept pace with the times.

Curriculum development will be stressed because of its inherent multiplier effect. The program will continue to build on the experience of the past and will seek maximum effectiveness by encouraging cooperative arrangements with colleges and universities, school systems, professional associations, and nonprofit educational organizations, as well as continuing attention to cost sharing arrangements.

Specific program plans include:

1. Group Training and Curriculum Development: An estimated 34 group projects will help improve teaching about the non-Western world in U.S. schools and colleges;
2. Advanced Language Training: Eleven intensive language programs will permit advanced-level training abroad in selected non-Western languages;
3. Research and Studies: Approximately 45 fellowships for faculty and doctoral dissertation field research, 5 research contracts, and 2 bibliographical projects will help extend our knowledge of other countries, their people and cultures, and their educational developments;
4. Inter-Institutional Cooperative Research: Three comparative studies will help investigate educational topics of trans-national concern, such as environmental and bilingual education.

Special Foreign Currency Program

	1972 Actual	1973 Est.	1974 Est.
I. Program Statistical Data:			
Total number of participants.......	866	1,216	1,043
Total number of grants............	85	110	100
Average cost.......................	$ 31,085	$ 33,074	$ 30,000
Total cost.........................	$2,642,230	$3,638,105	$3,000,000
II. Estimated Obligations by Program Category			
Group Training and Curriculum Development.......................	$1,367,542	2,038,105	$1,395,000
Advanced Language Training.........	615,679	750,000	825,000
Research and Studies..............	612,359	700,000	690,000
Inter-institutional Cooperative Research..........................	46,650	150,000	90,000

Program Purpose and Accomplishments

Activity: Grants to American institutions

1973 Budget Estimate as amended	1974	
	Authorization	Budget Estimate
$3,000,000	Indefinite	$3,000,000

Purpose: U.S.-owned excess foreign currency is used to strengthen American education through research and training abroad sponsored by American institutions. Projects focus on foreign languages, area studies, world affairs, and intercultural understanding and are designed to update the professional competencies of American educators, to further research, and to develop improved curricula and effective instructional materials.

Operation of the Program: Applications are received from U.S. institutions of higher education, individual researchers, State education agencies, public school systems and nonprofit education agencies. With the advice of outside consultants, the program staff reviews projects and recommends approval to the Director of the Institute of International Studies. The recommended projects are forwarded to appropriate U.S. diplomatic missions and binational commissions for comment on feasibility. A final review of all programs conducted under the Fulbright-Hays Act is made by the Board of Foreign Scholarships, an autonomous body appointed by the President which provides general supervision for all programs carried out under the aegis of the Act.

Accomplishments for 1973: The program will include a total of 110 projects with an estimated 1,216 participants. This includes 53 group projects, 30 faculty research fellowships, 15 fellowships for doctoral dissertation research, 5 research contracts, 2 educational bibliographic projects, and 5 inter-institutional cooperative research abroad projects.

Objectives for 1974: The estimate for 1974 provides for a total of 100 projects with an estimated 1,043 participants. This includes 34 group projects, 45 fellowships for faculty and doctoral dissertation field research, 5 research contracts, 2 educational bibliographic projects, 3 inter-institutional cooperative research abroad projects, and 11 intensive language training programs.

NOTE: The decrease in FY 1974 activity as compared to FY 1973 activity is due to the use in FY 1973 of carryover funds from FY 1972. This carryover was the result of sensitive political situations in certain foreign currency countries at the close of the 1972 fiscal year, which necessitated the cancellation or postponement of some projects, pending the issuance of new guidelines on educational programs by these governments.

SALARIES AND EXPENSES

STATEMENT OF DR. JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING, EVALUATION, AND MANAGEMENT

ACCOMPANIED BY:

- DR. JOHN R. OTTINA, COMMISSIONER-DESIGNATE OF EDUCATION
- JOE G. KEEN, BUDGET OFFICER
- BRIAN M. STACEY, BUDGET ANALYST
- WILLIAM DINGELDEIN, ACTING CHIEF, EDUCATION BRANCH, OFFICE OF THE COMPTROLLER

BUDGET REQUEST

Senator COTTON. Next on the agenda is a request for $88,118,000 for salaries and expenses.

Dr. John Evans is here to explain the nuts and bolts of this request.

If you will pardon me. As soon as I dash over there and vote I will come back and then you can introduce your associates and we will proceed.

(Brief recess.)

Senator COTTON. Would you present your associates?

Dr. EVANS. My name is John Evans and to my right is Brian Stacy of our Budget Office and at the end of the table is Mr. Keen also of the Budget Office, and the Commissioner in between.

And I have a brief statement here that I can read into the record, if that is all right with you, sir.

Senator COTTON. Certainly.

DECREASE IN FUNDS AND POSITIONS

Dr. EVANS. Mr. Chairman and members of the committee: I am pleased to appear before you today to discuss our fiscal year 1974 request of $88,118,000 for "Salaries and expenses" for the Office of Education. This request represents a net decrease of $2,253,000 and 346 positions from the 1973 level.

With this proposal we have consolidated all general administrative functions of the Office of Education into our salaries and expenses appropriation. Therefore, in addition to support for general program administration, our request includes funds to support all Office of Education Advisory Committees, formerly funded in their respective program appropriations; and funds to support Office of Education planning and evaluation and general program dissemination activities, formerly supported under Educational Development.

Consistent with our proposal to phase out some programs, to fold others into the Special Education Revenue Sharing or Better Schools Act proposal, and to decrease the level of support for still others, we are proposing a total decrease of 640 positions. To offset this decrease, we are requesting that 182 authorized positions be used to support expanded activities which include, among others, the basic educational opportunity grant program, student insured loans projects, and the emergency school assistance program. To render technical assistance in the implementation of the proposed special education revenue sharing or better schools proposal, we are also requesting that a total of 112 positions be used for both headquarters and the regional offices.

Senator COTTON. Is that a separate 112 from the 182?

Dr. EVANS. Yes, sir; it is.

Senator COTTON. Thank you.

Dr. EVANS. The 640 is the minuses and the 112 are the pluses which yields, as we indicated up above, sir, a net decrease of 346 positions.

Senator COTTON. Thank you.

ADVISORY COMMITTEE

Dr. EVANS. To support the nine public advisory committees that serve the Office of Education we are requesting a net increase of $273,000 to cover increased responsibilities and annualization costs. The level of support for planning and evaluation activities, $10,205,000, now included in this appropriation, represents a continuation at last year's level with the exception of a $250,000 decrease for a one-time study by the National Advisory Council on Extension and Continuing Education, authorized by the education amendments of 1972. Finally, to carry out the responsibilities of the Commissioner to prepare and disseminate information concerning Office of Education programs, we are requesting $750,000, the same level as last year.

My colleagues and I will be pleased to answer your questions.

Thank you.

Senator COTTON. First, could you list for me the nine public advisory committees?

Dr. EVANS. Yes, sir; we could.

The first, on Accreditation and Institutional Eligibility, authorized by Executive order, 12 members appointed by the Secretary.

Second is Education of Bilingual Children, authorized by ESEA, total, 15 members appointed by the Commissioner.

Third is Developing Institutions, authorized by Higher Education Act of 1965, title III, 9 members appointed by the Commissioner.

Next is Education of the Deaf, authorized by the Captioned Film for the Deaf Act, Public Law 89-258, 12 members appointed by the Secretary.

Next is Education Proffessions Development, authorized by the Higher Education Act of 1965, title V, 15 members appointed by the President.

Next is Equality of Educational Opportunity, authorized by Public Law 92-318, the Emergency School Act, title VII, 15 members appointed by the President.

Next is Financial Aid to Students, authorized by the Higher Education Act Amendments of 1968, 21 members appointed by the Commissioner.

And, finally, the Committee on Handicapped Children, authorized by section 604 of the Education of the Handicapped Act, 15 members appointed by the Commissioner.

Actually, there is one more, which is the Indian Education Advisory Committee authorized by Public Law 92-318 of the Education Act Amendments of 1972, 15 members appointed by the President.

Senator COTTON. Do you have readily the total of the number of individuals that comprise all those commissions?

MEMBERS COMPRISING COMMITTEE

Dr. EVANS. I guess you would have to add the numbers that I gave individually for those, sir, and I guess there would be approximately 100 to 150.

Senator COTTON. We can supply that for the record.

Dr. EVANS. We shall.

[The information follows:]

The total number of members that comprise the above committees is 129.

PAYMENT OF ADVISORY COMMITTEE MEMBERS

Senator COTTON. Are they all paid on a per diem basis or do some of them have regular annual salaries?

Dr. EVANS. They are all paid on a per diem basis, with some of them on occasion receiving a fee for services for the particular term. None of them is on an annual salary basis.

Senator COTTON. Did I understand correctly in your statement that in your request for salaries and expenses that you have included their salaries?

Dr. EVANS. They are included in the request.

Dr. OTTINA. That would be their per diem expenses. We don't pay them salaries.

Senator COTTON. It was a misuse of words. Thank you for the correction.

You include their per diem compensation? You include all their compensation, let's put it that way.

Dr. EVANS. Yes; that's correct.

Senator COTTON. What is your current employment level right now and what would it be if all the changes you propose were enacted?

Dr. EVANS. This is a complicated question to answer, sir.

The actual on-board strength that we have in the Office of Education today is slightly over 2,500. That is below our 1973 comparative level which is about 2,965.

We have, as you know, been under some very stringent programs to reduce the average grade in the Federal Government and to reduce employment, so there has been in effect in the Department a freeze on personnel which has only recently been relieved, and we have only recently begun hiring again.

If all the changes—to answer the second part of your question—that we propose were instituted, we would go from an authorized ceiling in 1973 of 2,965 which I have indicated we are below at this time to a ceiling in fiscal year 1974 of 2,619, which is a net decrease of 346.

Senator COTTON. With reference to my previous question, one point that I failed to raise: Are all of these advisory committees permanent or are some of them just temporary?

Dr. EVANS. The ones that I spoke of are all part of existing pieces of legislation and remain in effect as long as those pieces of legislation remain.

Senator COTTON. They are all established in law by Congress?

Dr. EVANS. I believe that is correct.

Dr. OTTINA. That is not true altogether. There are some that are established under Executive order.

Dr. EVANS. I stand corrected, Mr. Chairman.

Dr. OTTINA. For example, the Committee on Accreditation and Institutional Eligibility was established under Executive order and would not be tied to a specific piece of legislation.

You, I'm sure, are aware that the terms of the members is one which expires——

Senator COTTON. They are usually staggered?

Dr. OTTINA. They are usually staggered, yes.

Senator COTTON. Do the employment reductions that you spoke of involve firing people or relying on attrition to get down to your target?

Dr. EVANS. It is the latter, sir, rather than the former.

Dr. OTTINA. Specifically, we rely on attrition.

Senator COTTON. You have had some help by the fact that you have been under a freeze order?

Dr. EVANS. We have indeed, sir.

Senator COTTON. How long would it take to get down to your ultimate figure?

Dr. EVANS. We are below that figure right now, so our personnel actions will constitute hiring more people rather than firing people.

Of course there will be—all departures don't fit precisely the scheme one is trying to reach. So there are sometimes difficult reassignments and things of that sort.

PROGRAMS TRANSFERRED FROM OEO

Senator COTTON. With regard to some of the programs that OEO transferred to you, were they such programs that were in OEO but actually delegated to you all the time by OEO?

Dr. EVANS. Well, sir, the resignations did not result in any delegation of programs to us.

We have had some programs which were involved in the original OEO legislation which have been our responsibility all along, such as the Follow Through program. That is of long standing and the recent changes have involved delegations to other parts of the Department and not to the Office of Education.

Senator COTTON. Would you give me one instance of the latter?

Mr. DINGELDEIN. There is a transfer of about $24 million in research programs to the National Institute of Education and that transfers in the Educational Division.

Senator COTTON. Most of the OEO transfers went to the health programs?

Dr. EVANS. Some of them went to the National Institute of Education which is, of course, a part of the Education Division and not the responsibility of the Office of Education.

Some of the research money and programs from the Office of Economic Opportunity are scheduled for transfer to the National Institute of Education.

Mr. Dingeldein. That's right.

Senator Cotton. Every year that I am on this committee I get more bewildered. Do I understand that part of the education setup is not under the Office of Education?

Dr. Evans. That's correct, sir. As part of the Education Amendments of 1972 there was created, you will recall, sir, an Assistant Secretary of Education. That is Dr. Marland, the former Commissioner of Education.

And there have been created or there now exist two agencies—two sister agencies—our own Office of Education and the parallel National Institute of Education, headed by Thomas Glennan, both of which report to Dr. Marland, the Assistant Secretary of Education. But the Office of Education remains a separate agency.

The research activities that were formerly in the Office of Education under the former Bureau of Research and National Center for Education and Research Development were transferred to NIE.

Senator Cotton. Your justification shows that you are getting $30,000 to support staffing of the Southwest Campus.

Would you explain what that is about?

Dr. Evans. The Southwest Campus?

Senator Cotton. Yes.

UPWARD MOBILITY PROGRAM

Dr. Evans. The Upward Mobility program.

Senator Cotton. What's that?

Dr. Evans. This is a program, Mr. Chairman, that is designed to help minority members in the Federal establishment increase their occupational mobility.

Senator Cotton. You mean Republicans?

Dr. Evans. No, sir. I would venture to say that most of them are not Republicans.

Senator Cotton. You said minority members of the Federal establishment.

Dr. Evans. I meant mainly racial minorities, sir. These are people who because of their background and education, are unlikely to be able to rise very far in the Federal establishment and they are given the opportunity to take courses as part-time activity of their work and are given special opportunities for new jobs and promotions.

Senator Cotton. Why do you call this Southwest Campus?

Dr. Evans. Because we use buildings in the Southwest area of Washington to actually hold evening classes.

Senator Cotton. That's on-the-job training?

Dr. Evans. Yes, sir.

Senator Cotton. On-the-job education, as a matter of fact?

Dr. Evans. Yes, sir.

Senator Cotton. On Environmental Education, your justification indicates that some funds will be used to disseminate information on environmental education.

This morning we heard that the Environmental Education program met its objectives and that no additional funds were needed.

Isn't there a contradiction there?

DISSEMINATION FOR ENVIRONMENTAL EDUCATION

Dr. EVANS. I think the reference there, Mr. Chairman, is to some fairly modest and restricted dissemination that would be carried out of the Office of Education's Public Affairs Office as to materials in that area, and major dissemination program, related to that program itself.

Would anyone like to comment further on that?

Dr. OTTINA. I think that's essentially correct. We are not asking for grant money to support grants, but do feel that with all of the programs that we have, we do have a responsibility to disseminate information about them and that is what these funds are being requested for.

Senator COTTON. You still have me a little confused.

Dr. EVANS. I will endeavor to supply a clear answer to that for the record.

The important point to make clear here is what is referred to in our salaries and expenses justification as dissemination. It refers almost entirely to our public information/public affairs kinds of activities. And apparently there is an item in there that deals with environmental education activity—a small one and I confess I really don't remember what it is. This is not a major dissemination program, that would emanate from a program itself such as Environmental Education. And as to precisely what is involved there, I apologize; I will supply it for the record.

[The information follows:]

The Office of Education has been producing a film on environmental education, which will be ready for distribution by October 1973. The film production contract is in the amount of $109,740, an investment which would be lost unless release prints are made and arrangements are made to distribute the film. There is approximately $160,000 in our request for release prints (35mm and 16mm versions), promotion, and distribution of this film. The film is not about the specific programs of the Office of Education's Environmental Education Program, but contributes to the general literature in the field as a service of the U.S. Office of Education.

ADMINISTRATION EXPENSES FOR ENVIRONMENTAL EDUCATION

Senator COTTON. This isn't a campaign of television advertising and all that sort of thing?

Dr. EVANS. No, sir, it is not.

Our position on environmental education and need for that program in our fund proposal is essentially and is in fact that one that we made earlier.

Senator COTTON. You have a zero for the program, but you need some money for salaries and expenses to take care of it.

Now, you just said and I understand that you don't come up here armed with every detail and I'm not trying to push you in things that you are not prepared to answer.

Would that mean that like the Senators and Congressmen you have a lot of inquiries that somebody has to answer?

Dr. OTTINA. Mr. Chairman, I think there are two aspects here. Maybe if we treat them separately, then your question, I think, can be better answered.

In all the programs, including environmental education, which we are suggesting in 1974 that no additional funds be appropriated, the actions that were taken this year in 1973 have resulfed in grants that need to be monitored in the ensuing years. In other words, in environmental education we have just let grants, maybe this month two grantees who will be operating our program beginning next September and running through maybe next May.

Now, we do need on board a number of staff——

Senator COTTON. You need to followthrough?

Dr. OTTINA. Yes; even though we have no 1974 funds. The 1973 funds are being expended.

Senator COTTON. What kinds of programs are these? Are they in schools?

Dr. OTTINA. Depending on the program, environmental education would have some in schools, some in colleges, some in a community, or some in other areas.

That is true of many of the programs that we are requesting no funds for. So we have asked for manpower and dollars to support that, which will be phased out during the course of the year and next July we would not have people in place but during the course of the year we would need to have the staff to monitor those grants and monitor those activities.

Senator COTTON. When you furnish that additional information we will know the number of positions?

Dr. EVANS. Yes, sir; we will supply it.

Dr. OTTINA. In our position accounting we are not asking for positions because they are reckoned differently at the end of the year.

We have provided for your information an analysis and table that shows the number of man-years that we are asking for in these programs.

And that table can be found on page 114 of our justification. So, for an example, in environmental education we are asking for 3 man-years.

Senator COTTON. In other words this whole line of questioning is really much ado about nothing?

Dr. OTTINA. That line, for example, if you are referring to the approximately third or fourth line from the top, Senator, would show that this year in 1973 we have six positions allocated to environmental education. Six man-years, which means we have planned to have all six people onboard for the full year. Next year we're not expecting to have any positions on June 30, 1974, though we would expect to consume 3 man-years during the course of the year, which would give a dollar expense for it. Not a position account. That was one aspect of your question.

Senator COTTON. I see.

Well, we thank you.

JUSTIFICATION

The justification for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

[For the necessary expenses of the Office of Education, not otherwise provided, including rental of conference rooms in the District of Columbia; and not to exceed $1,000 for official reception and representation expenses; $68,360,000] *For carrying out, to the extent not otherwise provided, the General Education Provisions Act, as amended, sections 400(c), 411, 422, and Part D, including rental of conference rooms in the District of Columbia, $88,118,000.*

[For an additional amount for "Salaries and expenses", $13,905,000 of which $300,000 shall be transferred to Health Services and Mental Health Administration for expenses of the Youth Camp Safety Study.] *(Supplemental Appropriation Act, 1973.)*

Explanation of Language Changes

Beginning with fiscal year 1974, it is requested that the Salaries and Expenses appropriation include support of advisory committees, planning and evaluation activities, and general program dissemination as well as general administrative expenses. The legislative authorities for these new activities have been incorporated into the language.

Amounts Available for Obligation[1]

	1973	1974
Appropriation	$68,360,000	$88,118,000
Enacted supplemental appropriation	13,905,000	---
Subtotal appropriations	82,265,000	88,118,000
Real transfers to:		
"Health Services and Mental Health Administration"	-300,000	---
"National Institute of Education"	-918,000	---
Comparative transfers to:		
"Office of the Secretary, DHEW"	-242,000	---
"Assistant Secretary for Education"	- 48,000	---
"National Institute of Education"	-1,772,000	---
Comparative transfers from:		
"Food and Drug Administration"	8,000	---
"Social and Rehabilitation Service"	9,000	---
"Office of the Secretary, DHEW"	13,000	---
"Education for the Handicapped"	90,000	---
"Higher Education"	38,000	---
"Educational Development"	11,155,000	---
"Special institutions, DHEW"	73,000	---
Total, obligations	90,371,000	88,118,000

[1] Excludes the following amounts for reimbursable activities carried out by this account: 1973 - $300,000; 1974 - $300,000.

Obligations by Activity

	1973 Estimate		1974 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Administration....	2,965	$78,642,000	2,619	$76,366,000	-346	$-2,276,000
Advisory Committees............	—	524,000	—	797,000	--	+273,000
Planning and evaluation..........	—	10,455,000	—	10,205,000	--	-250,000
Dissemination.....	—	750,000	—	750,000	—	---
Total obligations.......	2,965	90,371,000	2,619	88,118,000	-346	-2,253,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Total number of permanent positions..	2,965	2,619	-346
Full-time equivalent of all other positions..........................	215	215	---
Average number of all employees......	2,720	2,912	+192
Personnel compensation:			
Permanent positions................	$ 42,806,000	$ 45,929,000	$ +3,123,000
Positions other than permanent.....	2,610,000	3,391,000	+781,000
Other personnel compensation.......	186,000	255,000	+69,000
Subtotal, personnel compensation.	45,602,000	49,575,000	+3,973,000
Personnel benefits..................	3,821,000	4,185,000	+364,000
Travel and transportation of persons.	3,458,000	3,675,000	+217,000
Transportation of things.............	301,000	231,000	-70,000
Rent, communications, and utilities..	3,832,000	4,016,000	+184,000
Printing and reproduction............	938,000	836,000	-102,000
Other services.......................	17,199,000	14,038,000	-3,161,000
Project contracts.................	13,955,000	10,955,000	-3,000,000
Supplies and materials...............	398,000	441,000	+43,000
Equipment............................	617,000	166,000	-451,000
Grants, subsidies and contributions..	250,000	---	-250,000
Total obligations by object........	90,371,000	88,118,000	-2,253,000

Summary of Changes

1973 Estimated obligations	$ 90,371,000
1974 Estimated obligations	88,118,000
Net change	-2,253,000

	Base	Change from Base
Increases:		
A. Built-in:		
1. Annualization of new positions and increased manyears	$ —	$ +3,788,000
2. Within-grade increases	—	+324,000
3. Increased payments to DHEW Working Capital Fund	5,194,000	+1,174,000
4. Increased employees' compensation benefits	—	+63,000
5. Payments to DHEW Central Payroll Service	—	+25,000
6. Annualization of space costs	10,000	+31,000
7. Annualization costs of Advisory Committees	150,000	+150,000
B. Program:		
1. Increase of OE Advisory Committee activity	647,000	+150,000
2. Increase in other than permanent personnel	2,610,000	+867,000
Total, increases	—	+6,572,000
Decreases:		
A. Built-in:		
1. Completion of one-time planning activities	3,250,000	-3,250,000
2. Used in 1973 to fund the pay raise	—	-1,885,000
B. Program:		
1. Reduced costs for transportation of things	301,000	-70,000
2. Less printing	938,000	-135,000
3. Termination of an Advisory Committee	27,000	-27,000
4. Reduction of automatic data processing costs	6,936,000	-1,658,000
5. Non-recurring one-time costs	—	-1,413,000
6. Fewer field readers	—	-387,000
Total, decreases	—	-8,825,000
Total, net change	—	-2,253,000

Explanation of Changes

Increases:

A. **Built-in:**

1. The increase of $3,788,000 will fund for the entire year 197 new positions filled in fiscal year 1973 for part of the year and support an increase of more manyears in fiscal year 1974 resulting from filling authorized positions not filled until late in fiscal year 1973.

2. The increase of $324,000 will provide for personnel scheduled to receive within-grade promotions.

3. Services provided to the Office of Education through the Department's Working Capital Fund will cost $1,174,000 more in fiscal year 1974 than in fiscal year 1973.

4. An additional $63,000 will provide for payment to the Department of Labor Employees' Compensation Fund, on account of injuries or deaths sustained by employees in the Office of Education.

5. The cost for services provided to the Office of Education by the Department of Health, Education, and Welfare Central Payroll Service will increase by $25,000 for fiscal year 1974.

6. Full-year rent costs will result in an additional $31,000 for expanded space in the Denver regional office.

7. Annualized costs for the Emergency School Aid and Indian Education Advisory Committees will result in increases of $150,000, $75,000 respectively.

B. Program:

1. Expanded activities will result in program increases for the following advisory committees: Emergency School Aid, $100,000; Student Financial Aid, $20,000; Developing Institutions, $20,000; and Education for the Deaf, $10,000.

2. An increase of $867,000 will provide for additional consultants and temporary personnel to facilitate starting new programs and phasing out those programs for which no funds are requested in fiscal year 1974.

Decreases:

A. Built-in:

1. A Higher Education Act, Title I, study for $250,000, and a $3,000,000 Higher Education planning activity will not be repeated in fiscal year 1974.

2. An amount of $1,885,000 was used in 1973 to fund the pay raise.

B. Program:

1. Reduced transfer of things, usually related to personnel moves, will result in a need of $70,000 less than that planned for fiscal year 1973.

2. Printing expenses associated with start-up costs for new programs will not be repeated in fiscal year 1974 and will result in a reduction of $135,000.

3. The Spanish-Mexican Education Advisory Committee is being terminated, resulting in a reduction of $27,000. The Committee has issued its final report of findings and recommendations for improving OE programs that serve Spanish and Mexican Americans.

4. Automatic data processing costs of $1,658,000 incurred in fiscal year 1973 associated with starting new programs authorized by the Education Amendments of 1972 will not be repeated in fiscal year 1974.

5. Government services, such as renovation costs, that will not be repeated in fiscal year 1974 will require $1,413,000 less than in fiscal year 1973.

6. Termination of programs will result in a decrease of an estimated $387,000 for field readers.

Authorizing Legislation

Legislation	1974	
	Authorized	Appropriation Requested
General Education Provisions Act:		
Section 400(c) -- Administration	Indefinite	$76,366,000
Part D -- Advisory Councils	Indefinite	797,000
Section 411 -- Program planning and evaluation	$25,000,000	10,205,000
Section 422 -- Dissemination...........	Indefinite	750,000

TITLE IV

GENERAL PROVISIONS CONCERNING EDUCATION[1]

PROGRAMS SUBJECT TO THIS TITLE; DEFINITIONS; APPROPRIATIONS; SHORT TITLE

SEC. 400. (a) The provisions of this title shall apply to any program for which the Commissioner of Education has responsibility for administration, either as provided by statute or by delegation pursuant to statute. Amendments to Acts authorizing such programs shall not affect the applicability of this title unless so specified by such amendments.

(b) For the purposes of this title, the term—

(1) "Commissioner" means the Commissioner of Education;

(2) "Secretary" means the Secretary of Health, Education, and Welfare; and

(3) "Applicable program" means a program to which this title is applicable.

(c) There are hereby authorized to be appropriated for any fiscal year, as part of the appropriations for salaries and expenses for the Office of Education, such sums as the Congress may determine to be necessary to carry out the provisions of this title.

(d) This title may be cited as the "General Education Provisions Act."

(20 U.S.C. 1221) Enacted Jan. 2, 1968, P.L. 90-247, Title IV, sec. 401, 81 Stat. 814; amended Oct. 16, 1968, P.L. 90-576, Title III, sec. 301(a), 82 Stat. 1094; amended April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(2), 84 Stat. 164; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

PART D—ADVISORY COUNCILS

DEFINITIONS

SEC. 441. As used in this part, the term—

(1) "advisory council" means any committee, board, commission, council, or other similar group (A) established or organized pursuant to any applicable statute, or (B) established under the authority of section 442; but such term does not include State advisory councils or commissions established pursuant to any such statute;

(2) "statutory advisory council" means an advisory council established by, or pursuant to, statute to advise and make recommendations with respect to the administration or improvement of an applicable program or other related matter;

(3) "nonstatutory advisory council" means an advisory council which is (A) established under the authority of section 442, or (B) established to advise and make recommendations with respect to the approval of applications for grants or contracts as required by statute;

(4) "Presidential advisory council" means a statutory advisory council, the members of which are appointed by the President;

(5) "Secretarial advisory council" means a statutory advisory council, the members of which are appointed by the Secretary;

(6) "Commissioner's advisory council" means a statutory advisory council, the members of which are appointed by the Commissioner;

(7) "applicable statute" means any statute (or title, part, or section thereof) which authorizes an applicable program or controls the administration of any such program.

(20 U.S.C. 1233) Enacted April 13, 1970, P.L. 91–230, Title IV, sec. 401(a)(10), 84 Stat. 170; renumbered June 23, 1972, P.L. 92–318, sec. 301(a)(1), 86 Stat. 326.

AUTHORIZATION FOR NECESSARY ADVISORY COUNCILS

SEC. 442. (a) The Commissioner is authorized to create, and appoint the members of, such advisory councils as he determines in writing to be necessary to advise him with respect to—

(1) the organization of the Office of Education and its conduct in the administration of applicable programs;

(2) recommendations for legislation regarding education programs and the means by which the educational needs of the Nation may be met; and

(3) special problems and areas of special interest in education.

(b) Each advisory council created under the authority of subsection (a) shall terminate not later than one year from the date of its creation unless the Commissioner determines in writing not more than thirty days prior to the expiration of such one year that its existence for an additional period, not to exceed one year, is necessary in order to complete the recommendations or reports for which it was created.

(c) The Commissioner shall include in his report submitted pursuant to section 448 a statement on all advisory councils created or extended under the authority of this section and their activities.

(20 U.S.C. 1233a) Enacted April 13, 1970, P.L. 91–230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92–318, sec. 301(a)(1), 86 Stat. 326.

MEMBERSHIP AND REPORTS OF STATUTORY ADVISORY COUNCILS

SEC. 443. Notwithstanding any other provision of law unless expressly in limitation of the provisions of this section, each statutory advisory council—

(1) shall be composed of the number of members provided by statute who may be appointed, without regard to the provisions of title 5, United States Code, governing appointment in the competitive service, and shall serve for terms of not to exceed three years, which in the case of initial members, shall be staggered; and

(2) shall make an annual report of its activities, findings and recommendations to the Congress not later than March 31 of each calendar year, which shall be submitted with the Commissioner's annual report.

The Commissioner shall not serve as a member of any such advisory council.

(20 U.S.C. 1233b) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

COMPENSATION OF MEMBERS OF ADVISORY COUNCILS

SEC. 444. Members of all advisory councils to which this part is applicable who are not in the regular full-time employ of the United States shall, while attending meetings or conferences of the advisory council or otherwise engaged in the business of the advisory council, be entitled to receive compensation at a rate fixed by the Commissioner, but not exceeding the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code, including traveltime, and while so serving on the business of the advisory council away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in the Government service.

(20 U.S.C. 1233c) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

PROFESSIONAL, TECHNICAL, AND CLERICAL STAFF; TECHNICAL ASSISTANCE

SEC. 445. (a) Presidental advisory councils are authorized to appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, or otherwise obtain the services of, such professional, technical, and clerical personnel as may be necessary to enable them to carry out their functions, as prescribed by law.

(b) The Commissioner shall engage such personnel and technical assistance as may be required to permit Secretarial and Commissioner's advisory councils to carry out their function as prescribed by law.

(c) Subject to regulations of the Commissioner, Presidential advisory councils are authorized to procure temporary and intermittent services of such personnel as are necessary to the extent authorized by section 3109 of title 5, United States Code, but at rates not to exceed the rate specified at the time of such service for grade GS-18 in section 5332 of such title.

(20 U.S.C. 1233d) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 171; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

MEETINGS OF ADVISORY COUNCILS

SEC. 446. (a) Each statutory advisory council shall meet at the call of the chairman thereof but not less than two times each year. Nonstatutory advisory councils shall meet in accordance with regulations promulgated by the Commissioner.

(b) Minutes of each meeting of each advisory council shall be kept and shall contain a record of the persons present, a description of matters discussed and conclusions reached, and copies of all reports received, issued, or approved by the advisory council. The accuracy of all minutes shall be certified to by the chairman of the advisory council.

(20 U.S.C. 1233e) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 172; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

AUDITING AND REVIEW OF ADVISORY COUNCIL ACTIVITIES

SEC. 447. (a) Each statutory advisory council shall be subject to such general regulations as the Commissioner may promulgate respecting the governance of statutory advisory councils and shall keep such records of its activities as will fully disclose the disposition of any funds which may be at its disposal and the nature and extent of its activities in carrying out its functions.

(b) The Comptroller General of the United States, or any of his duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, dcouments, papers, and records of each statutory advisory council.

(20 U.S.C. 1233f) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 172; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

REPORT BY THE COMMISSIONER OF EDUCATION

SEC. 448. (a) Not later than March 31 of each calendar year after 1970, the Commissioner shall submit, as a part of the Commissioner's annual report, a report on the activities of the advisory councils which are subject to this part to the Committee on Labor and Public Welfare of the Senate and the Committee on Education and Labor of the House of Representatives. Such report shall contain, at least, a list of all such advisory councils, the names and affiliations of their members, a description of the function of each advisory council, and a statement of the dates of the meetings of each such advisory council.

(b) If the Commissioner determines that a statutory advisory council is not needed or that the functions of two or more statutory advisory councils should be combined, he shall include in the report a recommendation that such advisory council be abolished or that such functions be combined. Unless there is an objection to such action by either the Senate or the House of Representatives within ninety days after the submission of such report, the Commissioner is authorized to abolish such advisory council or combine the functions of two or more advisory councils as recommended in such report.

(20 U.S.C. 1233g) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 172; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

PROGRAM PLANNING AND EVALUATION

SEC. 411. (a) Sums appropriated pursuant to section 400(c) may include for any fiscal year for which appropriations are otherwise authorized under any applicable program not to exceed $25,000,000 which shall be available to the Secretary, in accordance with regulations prescribed by him, for expenses, including grants, contracts, or other payments, for (1) planning for the succeeding year for any such program, and (2) evaluation of such programs.

(b) No later than July 31 of each calendar year, the Secretary shall transmit to the respective committees of the Congress having legislative jurisdiction over any applicable program a report containing (1) a brief description of each contract or grant for evaluation of such program or programs (whether or not such contract or grant was made under this section), any part of the performance of which occurred during the preceding fiscal year, (2) the name of the firm or individual who is to carry out the evaluation, and (3) the amount to be paid under the contract or grant.

(20 U.S.C. 1222) Enacted Jan. 2, 1968, P.L. 90-247, Title IV, sec. 402, 81 Stat. 814; amended April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(3), 84 Stat. 165; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326.

COLLECTION AND DISSEMINATION OF INFORMATION

SEC. 422. (a) The Commissioner shall—

(1) prepare and disseminate to State and local educational agencies and institutions information concerning applicable programs and cooperate with other Federal officials who administer programs affecting education in disseminating information concerning such programs;

(2) inform the public on federally supported education programs;

(3) collect data and information on applicable programs for the purpose of obtaining objective measurements of the effectiveness of such programs in achieving their purposes; and

(4) prepare and publish an annual report (to be referred to as "the Commissioner's annual report") on (A) the condition of education in the nation, (B) developments in the administration, utilization, and impact of applicable programs, (C) results of investigations and activities by the Office of Education, and (D) such facts and recommendations as will serve the purpose for which the Office of Education is established (as set forth in section 403 of this Act).

(b) The Commissioner's annual report shall be submitted to the Congress not later than March 31 of each calendar year. The Commissioner's annual report shall be made available to State and local educational agencies and other appropriate agencies and institutions and to the general public.

(c) The Commissioner is authorized to enter into contracts with public or private agencies, organizations, groups, or individuals to carry out the provisions of this section.

(20 U.S.C. 1231a) Enacted April 13, 1970, P.L. 91-230, Title IV, sec. 401(a)(10), 84 Stat. 166; renumbered June 23, 1972, P.L. 92-318, sec. 301(a)(1), 86 Stat. 326; amended June 23, 1972, P.L. 92-318, sec. 301(b)(2)(B), 86 Stat. 332.

Explanation of Transfers

	1973 Estimate	Purpose
Real transfers to:		
Health Services and Mental Health Administration	-300,000	Transfer for expenses of the Youth Camp Safety Study.
National Institute of Education	-918,000	Appropriation language for the National Institute of Education, 1973, authorizes the transfer from OE to NIE of certain dissemination projects and related salary and expense items.
Comparative transfers to:		
Office of the Secretary, DHEW	-82,000	Transfer to Departmental management of administrative costs previously funded under the Working Capital Fund.
	-21,000	Transfer to centralize support for Departmental library services.
	-19,000	To support executive manpower development program.
	-120,000	To integrate regional public affairs resources.
Assistant Secretary for Education	-48,000	Support for Foundation for Postsecondary Education.
National Institute of Education	-1,772,000	Represents transfer of salary and expense items to support educational research and development programs transferred to NIE.
Comparative transfers from:		
Food and Drug Administration	8,000	To support the staffing of the Southwest Campus of the Upward Mobility College.
Social and Rehabilitation Svc.	9,000	
Office of the Secretary, DHEW	13,000	
Education for the Handicapped	90,000	Transfers to support the advisory committees on Handicapped Children and Education for the Deaf.
Higher Education	38,000	Transfers to support the advisory committees on Student Financial Aid and Developing Institutions.

	1973 Estimate	Purpose
Educational Development	50,000	For advisory committee on Bilingual Education.
	150,000	For the advisory committee on Education Professions Development.
	10,205,000	To support transfer of planning and evaluation activities.
	750,000	To support transfer of general dissemination activities.
Special Institutions, DHEW	36,000	To support transfer of administrative activities for the Model Secondary School for the Deaf.
	37,000	To support transfer of administrative activities for the National Technical Institute for the Deaf.

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$15,767,000	$13,307,000	$13,307,000	$13,307,000
1965	20,977,500	19,877,500	19,977,500	19,977,500
1966	26,827,500	24,752,500	24,977,500	24,977,500
1967	38,068,184	35,565,184	30,280,184	32,430,184
1968	45,827,400	40,334,400	40,334,400	40,334,400
1969	54,250,112	46,495,112	43,621,112	46,542,112
1970	67,244,000	64,676,316	65,626,316	65,038,316
1971	82,670,000	77,759,000	76,466,000	76,466,000
1972	78,722,800	77,141,800	78,472,800	78,028,001
1973 Supplemental	13,905,000	13,905,000	13,905,000	13,905,000
1973	76,466,000	1/	1/	1/
1974	88,118,000			

1/ The regular appropriation for this account for 1973 had only been partially enacted at the time this budget was prepared. A temporary continuing resolution is in effect for the period from July 1, 1972 to February 28, 1973.

Justification

Salaries and Expenses

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..........	2,965	$49,423,000	2,619	$53,760,000	-346	$+4,337,000
Other expenses..........	—	40,948,000	—	34,358,000	—	-6,590,000
Total..............	2,965	90,371,000	2,619	88,118,000	-346	-2,253,000

General Statement

For fiscal year 1974, the request for "Salaries and expenses" for the Office of Education includes the necessary expenses for the administration of all Office of Education programs, all Office of Education Advisory Committees, planning and evaluation activities, and costs associated with general program dissemination activities. The total request represents a net decrease of $2,253,000 from the fiscal year 1973 level, generally corresponding to one-time costs that will not recur in fiscal year 1974 and reduced costs associated with phasing out some programs. The following activity justifications include for "administration" specific distribution by program and organizational unit of proposed resources, some program increases for Office of Education Advisory Committees, a small decrease in planning and evaluation activities, and a request for a continuing level of support for general program dissemination activities.

Administration

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..........	2,965	$49,423,000	2,619	$53,760,000	-346	$+4,337,000
Other expenses..........	—	29,219,000	—	22,606,000	--	-6,613,000
Total..............	2,965	78,642,000	2,619	76,366,000	-346	-2,276,000

Narrative

The request for administration represents a net decrease of $2,276,000 from the fiscal year 1973 level. To coincide with the fiscal year 1974 level for programs scheduled for phase out and those being folded into Education Revenue Sharing, offset some what by new programs requiring additional manpower, the positions requested for fiscal year 1974 represent a net decrease of 346. Notwithstanding a requested decrease in positions, a substantial increase in funds is requested for personnel compensation and benefits to cover a substantially increased number of permanent manyears in fiscal year 1974, coupled with a requested increase in other-than-permanent personnel. For administration a net reduction is requested for other expenses associated with completion of one-time tasks in fiscal year 1973, reduction in the number of permanent positions requested, and lower costs associated with fewer programs, such as printing and automatic data processing costs. In the sub-activities below, because the difference is significant, positions and manyears associated with each program are indicated.

Summary

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Office of the Commissioner...........	126	117	129	129	+3	+12
Deputy Commissioner for School Systems................................	933	697	783	838	-150	+141
Deputy Commissioner for Occupational and Adult Education................	192	162	88	133	-104	-29
Deputy Commissioner for Higher Education.............................	694	593	696	679	+2	+86
Deputy Commissioner for Development..	352	334	259	282	-93	-52
Deputy Commissioner for External Relations..........................	92	90	91	89	-1	-1
Deputy Commissioner for Planning, Evaluation, and Management.........	576	512	573	547	-3	+35
Total..........................	2,965	2,505	2,619	2,697	-346	+192

Office of the Commissioner

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office....................	30	24	30	30	--	+6
Right to Read.......................	24	21	24	24	--	+3
Teacher Corps.......................	32	32	32	32	--	--
Office of Special Concerns..........	35	35	35	35	--	--
Office of Indian Education..........	5	5	8	8	+3	+3
Total........................	126	117	129	129	+3	+12

In addition to providing central direction of program objectives to maintain coordinated and cohesive management, the office encompasses the following specific program areas. The Right-to-Read program is responsible for assistance to local and State educational agencies for reading and reading-related activities. The Office of Special Concerns provides leadership and assistance for agency components to provide for critical needs of certain population groups often excluded from the decision-making process in Federally supported education programs. The Teacher Corps program, established by the Education Personnel Development Act, operates programs affecting low-income children, teacher-interns, and regular teachers in retraining. The Office of Indian Education serves its geographically-scattered constituency by ensuring that its vital educational needs are included in implementation of OE programs.

Three new positions are requested in FY 1974 to coordinate OE programs that benefit American Indians.

Deputy Commissioner for School Systems

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	24	16	24	23	—	+7
Bureau of Elementary and Secondary Education:						
Office of the Associate Commissioner	40	36	10	22	-30	-14
Non-Public School Coordinator	2	2	2	2	—	—
School Age Parents Task Force	2	2	2	2	—	—
Educationally deprived children:						
Headquarters	72	68	—	36	-72	-32
Regions	10	10	—	5	-10	-5
Supplementary services:						
State plan program	23	21	—	11	-23	-10
Strengthening State departments of education	46	41	—	21	-46	-20
Follow Through	38	37	29	33	-9	-4
Bilingual education	35	26	35	34	—	+8
School Assistance in Federally Affected Areas:						
Maintenance & Operations (P.L. 874):						
Headquarters	51	49	2	26	-49	-23
Regions	18	16	—	3	-18	-13
Construction (P.L. 815):						
Headquarters	14	14	14	14	—	—
Regions	20	20	20	20	—	—
Bureau of Education for the Handicapped:						
Office of the Associate Commissioner	28	19	28	25	—	+6
Gifted and talented children	4	4	4	4	—	—
State grant program	18	16	—	8	-18	-8
Deaf-blind centers	4	3	4	4	—	+1
Early childhood	8	4	8	7	—	+3
Special learning disabilities	3	2	3	3	—	+1
Regional resource centers	3	2	3	3	—	+1
Research and demonstrations	12	12	12	12	—	—
Intramural research	3	3	3	3	—	—
Media services and captioned films	9	9	9	9	—	—
Teacher education	33	31	33	32	—	+1
Recruitment and information:						
Headquarters	1	1	1	1	—	—
Regions	1	1	1	1	—	—
Child advocacy	3	3	3	3	—	—
National technical institute for the deaf	2	2	2	2	—	—
Model secondary school for the deaf	2	2	2	2	—	—
Bureau of Equal Educational Opportunities:						
Emergency School Assistance:						
Headquarters	80	50	80	78	—	+28
Regions	324	175	337	313	+13	+138
Special Education Revenue Sharing:						
Headquarters	—	—	25	14	+25	+14
Regions	—	—	87	62	+87	+62
Total	933	697	783	838	-150	+141

A total of 783 positions are requested for the Deputy Commissioner for School Systems, a net decrease of 150 positions for fiscal year 1974. This Deputyship oversees Federal programs to support elementary and secondary education programs for the handicapped, and has major responsibility for carrying out the Emergency School Aid Act and Title IV of the Civil Rights Act. Corresponding to our request to phase out certain programs and to fold others into the Education Revenue Sharing proposal, a decrease of 275 positions is requested. Decreases associated with programs being folded into Education Revenue Sharing are 82 positions associated with Elementary and Secondary Education Act Title I; 23 positions associated with the State-plan portion of Elementary and Secondary Education Act Title III (Supplementary Services); 67 positions associated with School Assistance in Federally Affected Areas; and 18 for the State-grant portion of the Education for the Handicapped program. Decreases associated with programs being phased out are 46 positions associated with Strengthening State Departments of Education and 9 positions associated with the gradual phase out of the Follow Through program. Corresponding to these decreases is a requested decrease of 30 support positions for these programs in the Office of the Associate Commissioner. Offsetting these decreases are requested increases of 13 additional positions to support the expanded program activities associated with the Emergency School Assistance program and 112 positions to support the implementation of the proposed Education Revenue Sharing package.

Deputy Commissioner for Occupational and Adult Education

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	19	16	16	16	-3	--
Office of Career Education	5	--	5	4	—	+4
Proprietary Schools	2	1	2	2	—	+1
Postsecondary Occupational Education	2	—	2	2	—	+2
Occupational Development	5	1	5	4	—	+3
Office of Consumer Education	2	1	5	4	+3	+3
National Center for Adult, Continuing, and Manpower Education:						
Adult Education:						
State Grants:						
Headquarters	5	5	—	2	-5	-3
Regions	19	18	—	10	-19	-8
Special projects	13	12	13	12	—	—
Teacher training	7	7	7	7	—	—
National Center for Occupational, Vocational, and Technical Education:						
Office of the Associate Commissioner:						
Headquarters	5	5	6	5	+1	—
Regions	20	19	--	10	-20	-9
Basic vocational grants:						
Headquarters	27	26	—	13	-27	-13
Regions	26	23	—	13	-26	-10
Special needs	1	1	--	--	-1	-1
Consumer and homemaking	3	3	--	2	-3	-1
Work-study	1	1	--	--	-1	-1
Cooperative education	2	2	—	1	-2	-1
Innovation	7	6	7	7	—	+1
Vocational research	8	7	8	8	—	+1
Curriculum development	7	7	7	7	—	—
State Advisory Council	1	1	—	—	-1	-1
Career education	5	--	5	4	--	+4
Total	192	162	88	133	-104	-29

In fiscal year 1974, the responsibilities of the Deputy Commissioner for Occupational and Adult Education will include adult education, special projects and teacher training activities, vocational education curriculum development, career education, and the discretionary portion of vocational innovation and research. Also in this Deputyship is included the newly created Office of Consumer Education.

The positions requested for fiscal year 1974 total 88, a net decrease of 104 positions. Beginning with fiscal year 1974 all State grant programs formerly funded under the Vocational and Adult Education authorities will be folded into the Education Revenue Sharing proposal, which represents a decrease of 108 associated positions. An increase of four positions is requested for fiscal year 1974, three for the Office of Consumer Education and one additional position to support new thrusts, such as Career Education.

Deputy Commissioner for Higher Education

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	19	18	19	18	—	—
Community College unit	8	3	8	8	—	+5
Bureau of Higher Education:						
Office of the Associate Commissioner:						
Headquarters	33	32	33	32	—	—
Regions	21	20	21	18	—	-2
Accreditation and institutional eligibility	19	18	19	19	—	+1
Grants/Work-Study:						
Headquarters	41	33	35	34	-6	+1
Regions	32	30	32	30	—	—
Basic Opportunity Grants:						
Headquarters	31	16	95	85	+64	+69
Field	—	—	30	21	+30	+21
Student loans	23	21	12	18	-11	-3
Insured loans:						
Headquarters	44	42	64	58	+20	+16
Regions	58	55	58	56	—	+1
Student loan insurance fund:						
Headquarters	25	23	25	24	—	+1
Regions	25	8	32	27	+7	+19
Loans to institutions	3	3	3	3	—	—
Teacher cancellations	2	2	2	2	—	—
Cooperative education	4	4	6	5	+2	+1
Reserve fund advances	1	1	1	1	—	—
Special programs for the disadvantaged (Talent Search, Upward Bound, and Special Services in College):						
Headquarters	15	15	15	15	—	—
Regions	33	32	33	32	—	—
Strengthening developing institutions	42	33	42	41	—	+8
University community services	3	3	1	2	-2	-1
Land-grant colleges	1	1	1	1	—	—
State Commissions	4	4	4	4	—	—
Higher education construction:						
Headquarters	19	18	9	9	-10	-9
Regions	32	28	17	16	-15	-12
College teacher fellowships	8	8	3	5	-5	-3
Training programs	5	5	3	3	-2	-2
Bureau of Libraries and Learning Resources:						
Office of the Associate Commissioner	13	7	6	6	-7	-1
Public libraries:						
Headquarters	8	7	5	6	-3	-1
Regions	10	10	—	5	-10	-5
School library resources	9	9	4	6	-5	-3
College libraries	18	14	7	11	-11	-3
Undergraduate instructional equipment	2	2	—	1	-2	-1
Equipment and minor remodeling	1	1	—	—	-1	-1
Institute for International Studies:						
Office of the Associate Commissioner	12	9	8	8	-4	-1
International activities	31	27	27	25	-4	-2
Language training and area studies	17	12	—	6	-17	-6
Fulbright-Hays training grants	16	14	12	13	-4	-1
Foreign visitors	6	5	4	5	-2	—
Total	694	593	696	679	+2	+86

The Deputy Commissioner for Higher Education is responsible for Federally supported higher education programs benefitting both students and institutions and includes higher education, library, and international activities. For 1974, 696 positions are requested, a net increase of 2 positions. For those programs for which either a phase out or a decreased level of support is anticipated, a decrease of 121 positions is requested. Programs requested to be phased out are: National Defense Student Loans, 11 positions; University Community Services, 2 positions; Higher Education Construction Grants, 25 positions; College Teacher Fellowships, 5 positions; Education Professions Development Act Training Programs, 2 positions; Language Training and Area Studies, 21 positions; Library programs, 39 positions; and 4 overhead positions in the Office of the Associate Commissioner for International Studies. Programs for which a decreased level of support is requested are the Work-Study program, 6 positions; International Activities, 4 positions; and the Foreign Visitors program, 2 positions. An increase of 123 positions is requested for those programs with an increased level of support or greater workload. Effective administration of the Basic Educational Opportunity Grants program will require an increase of 94 positions; Insured Loans, 27 positions; and for Cooperative Education an increase of 2 positions.

Deputy Commissioner for Development

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office..................	25	24	4	10	-21	-14
Drug education....................	13	12	5	11	-8	-1
Nutrition and Health Unit..........	6	5	-	1	-6	-4
Environmental Education...........	6	6	-	3	-6	-3
Educational Broadcasting Facilities	9	9	8	9	-1	-
Sesame Street and the Electric Company.........................	8	6	7	7	-1	+1
National Center for the Improvement of Educational Systems (Dropout prevention, Supplementary Services Special Projects, and Education Professions Development Act):						
Headquarters..................	120	111	40	54	-80	-57
Regions.......................	13	13	30	28	+17	+15
National Center for Educational Statistics......................	152	148	165	159	+13	+11
Total.........................	352	334	259	282	-93	-52

The Deputy Commissioner for Development has responsibility for education professions development, national priority programs, and data systems improvement. A total of 259 positions are requested for fiscal year 1974, which represents a net decrease of 93 positions. Requested decreases total 123 positions. Decreases requested for programs scheduled for phase out are 6 for the Nutrition and Health program and 6 for the Environmental Education program. Programs for which a lower level of support is requested are associated with position decreases as follows: Drug Abuse Education, 8; Educational Broadcasting Facilities, 1; and Sesame Street and The Electric Company, 1. For those programs in the National Center for the Improvement of Educational Systems that are either scheduled for phase out or planned to be folded into Education Revenue Sharing, a decrease of 80 positions is requested. Resulting from the above deletions or phase outs, a 21 position decrease is requested in overhead jobs for the Immediate Office of the Deputy Commissioner. Two Education Professions Development Act programs (Urban/rural and Career Opportunities) are being regionalized and an increase of 17 positions is requested for these. To support a program increase in educational statistics programs and the National Achievement Study, an increase of 13 positions is requested.

Deputy Commissioner for External Relations

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Office of Legislation	20	19	20	20	--	+1
Office of Public Affairs	69	68	68	66	-1	-2
Committee Management	3	3	3	3	--	--
Total	92	90	91	89	-1	-1

There are three major responsibilities in this Deputyship--legislation, public affairs, and committee management. The Office of Legislation conducts the legislative program and provides information on the status, progress and content of educational legislation. The Committee Management Office has administrative responsibility for the numerous advisory committees serving the Office of Education. The Office of Public Affairs serves as the principal contact for the media, educators, and the general public seeking information on educational programs. It also functions as the general editorial offices of the Agency with numerous publications, including the award-winning periodical, American Education.

Deputy Commissioner for Planning, Evaluation, and Management

	1973		1974		Increase or Decrease	
	Pos.	Man Years	Pos.	Man Years	Pos.	Man Years
Immediate Office	11	8	11	11	--	+3
Regional Coordination:						
Headquarters	17	16	17	16	--	--
Regions	69	64	69	66	--	+2
Office of Business Management:						
Office of the Assistant Commissioner	4	4	4	4	--	--
Audit liaison and coordination staff	7	5	7	6	--	+1
Regulation and guideline study	24	15	24	24	--	+9
Finance Division	72	64	72	68	--	+4
Contracts and Grants Division	91	90	91	90	--	--
Office of Administration:						
Office of the Assistant Commissioner	3	3	3	3	--	--
Personnel Division	47	41	40	42	-7	+1
General Services Division	44	42	44	44	--	+2
Automatic Data Processing Division	52	51	51	51	-1	--
Office of Management, Planning, and Evaluation:						
Office of the Assistant Commissioner	5	4	5	5	--	+1
Systems Planning and Control Division	10	7	10	9	--	+2
Management Evaluation Division	22	11	22	16	--	+5
Office of Planning, Budgeting, and Evaluation:						
Office of the Assistant Commissioner	15	15	15	15	--	--
Elementary and Secondary Program Division	16	14	16	15	--	+1
Postsecondary and Special Education Program Division	10	7	10	9	--	+2
Vocational and Handicapped Division	8	6	6	6	-2	--
Development Division	8	5	6	6	-2	+1
Budget Division	24	23	24	24	--	+1
Management Interns	17	17	26	17	+9	--
Total	576	512	573	547	-3	+35

This staff services the agency's needs in the areas of management, finance, contracts and grants, personnel, general services, management information, management evaluation, program planning, and evaluation, and budget. In general, these responsibilities entail the provision of timely and accurate information concerning the available administrative resources, and program planning and evaluation analyses to the Commissioner and his program managers to aid them in making decisions affecting the Office of Education and the education community.

Advisory Committees

	1973	1974	Increase or Decrease
Other expenses	$ 524,000	$ 797,000	$ +273,000
Committees:			
Accreditation and Institutional Eligibility	19,000	19,000	---
Education of Bilingual Children	50,000	50,000	---
Developing Institutions	8,000	28,000	+20,000
Education of the Deaf	40,000	50,000	+10,000
Education Professions Development	150,000	150,000	---
Education of Spanish and Mexican Americans	27,000	---	-27,000
Equality of Educational Opportunity	75,000	250,000	+175,000
Financial Aid to Students	30,000	50,000	+20,000
Handicapped Children	50,000	50,000	---
Indian Education	75,000	150,000	+75,000
Total	524,000	797,000	+273,000

Narrative

The Office of Education is served by nine public advisory committees for which funds are requested for fiscal year 1974. The committees, authorized by specific Federal statute or by general authority vested with the Commissioner, consist of members appointed by the President, the Secretary of Health, Education, and Welfare, or by the Commissioner of Education with the approval of the Secretary. In addition to performing specific Congressionally-mandated functions, these groups advise the Commissioner and the Secretary on matters of general policy concerning the administration of respective educational programs. Effective administration of these programs requires the advice and counsel of these public bodies.

Accreditation and Institutional Eligibility--(authorized by Executive Order, 12 members, appointed by the Secretary.)

This committee advises the Commissioner of Education concerning his actions in granting national recognition to accrediting agencies or associations and in determining institutional eligibility for participation in Federal programs.

Education of Bilingual Children--(authorized by ESEA, Title VII, 15 members, appointed by the Commissioner.)

This committee advises the Commissioner of Education with regard to matters of general policy arising in the administration of programs for children whose native tongue is other than English.

Developing Institutions--(authorized by the Higher Education Act of 1965, Title III, 9 members, appointed by the Commissioner.)

This committee advises the Commissioner of Education with respect to policy matters arising in the administration of Title III of the Higher Education Act of 1965 as amended and to assist the Commissioner in identifying those developing institutions through which the purposes of Title III can best be achieved.

The Council's responsibility and jurisdiction have been significantly broadened by new legislation to include review of, and approval of criteria to be used in funding applications under Title III, HEA of 1965, as amended.

Education of the Deaf--(authorized by the Captioned Films for the Deaf Act, P.L. 89-258, 12 members, appointed by the Secretary.)

This committee advises the Secretary of HEW and the Commissioner of Education concerning the administration of existing programs and the formulation of new programs with respect to the education of the deaf.

A significant increase in the number of committee meetings and in the amount of travel done by the Committee members is planned for fiscal year 1974.

Education Professions Development--(authorized by the Higher Education Act of 1965, Title V, 15 members, appointed by the President.)

This committee reviews the operation of Title V of the Higher Education Act of 1965 as amended and of other Federal programs for training and development of educational personnel, and evaluates their effectiveness in meeting needs for additional educational personnel, and in achieving improved quality in training programs.

Education of Spanish and Mexican Americans--(authorized by Executive Order, 20 members, appointed by the Commissioner.)

This committee advises the Secretary of HEW and the Commissioner of Education on problems central to the education of Spanish-speaking children and adults, particularly those of bilingual, bicultural families.

In 1972 and 1973 the Committee carried out a comprehensive review of those programs administered by the Office of Education which serve Spanish and Mexican Americans and issued a report of findings and recommendations for improvement of the administration of these programs.

This Committee will terminate June 30, 1973.

Equality of Educational Opportunity--(authorized by Public Law 92-318, the Emergency School Aid Act, Title VII, 15 members, appointed by the President.)

This Committee advises the Assistant Secretary for Education regarding the administration and effectiveness of programs assisted under the Emergency School Aid Act.

Initial funding of this council was on a start-up basis, due to the establishment of the council in the middle of the past year. The 1974 budget figure represents funding of the activated council for a full year.

Financial Aid to Students--(authorized by the HEA Amendments of 1968, 21 members, appointed by the Commissioner.)

This Committee advises the Commissioner of Education on matters of general policy arising in the administration by the Commissioner of programs related to financial aid to students and on the evaluation of the effectiveness of those programs.

The scope of council activities has been significantly increased by recent legislation and its structure will be modified to include two operating subcommittees.

Handicapped Children--(authorized by Sec. 604 of the Education of the Handicapped Act, 15 members, appointed by the Commissioner.)

This Committee reviews the administration and operation of programs administered by the Commissioner of Education with respect to handicapped children, including their effect in improving the educational attainment of such children.

Indian Education--(authorized by P.L. 92-318, the Education Amendments of 1972, 15 members, appointed by the President.)

This Committee is authorized to advise the Commissioner of Education with respect to the administration of any programs in which Indian children or adults participate.

The 1974 budget estimate provides for funding of the council for a full year.

Planning and Evaluation

	1973	1974	Increase or Decrease
Other expenses..........................	$ 10,455,000	$ 10,205,000	$ -250,000

Narrative

The evaluation and planning activities discussed here are those authorized under Section 411 of the General Education Provisions Act (GEPA). This Act authorizes, for each fiscal year, such sums as may be necessary for expenses, including grants, contracts, or other payments, for (1) planning programs and projects and (2) evaluation of such programs or projects for which the Commissioner of Education has responsibility for administration. A decrease of $250,000 is requested for fiscal year 1974 resulting from a nonrecurring cost for the study by the National Advisory Council on Extension and Continuing Education authorized by the Education Amendments of 1972. Support for all other planning and evaluation activities is requested to continue at last year's level.

Purpose:

Historically, Federal education programs have been developed and implemented in response to a demonstrated need in the educational community and to provide assistance and services to various target groups. Initially, we must know the nature and dimensions of the need, the characteristics of the target groups, the alternatives available for meeting the need or solving a problem and the costs and benefits of the alternatives. These requirements generate the planning studies. After programs have been established, we need to know how well they are meeting their objectives, how effective they are, and how well the programs are being managed. Over time we need to know if the requirements have changed, whether new technology has made a difference, whether emphases have changed, and whether programs need to be revised or recast. In general, we need to know what works, what doesn't work and why. Evaluation studies give us the answers to these questions and enable us to plan and manage our activities intelligently. Further, Section 413 of the General Education Provisions Act requires an annual report to Congress on the results and effectiveness of the programs and projects administered by the Commissioner of Education. Evaluation studies are required to provide the information for the report. Within the next few years our goal is to complete formal evaluations of all major Office of Education programs.

Accomplishments, Fiscal Years 1972/73:

Fiscal year 1973 marked the fourth year of major evaluation efforts in the Office of Education. Fiscal years 1970 through 1972 were utilized in building an educational evaluation capability in preparing comprehensive evaluation plans and in initiating sound evaluation studies. Approximately 90 major evaluation studies were started in this period. The results from most of them are only now beginning to be disseminated because of the long lead times involved.

In fiscal year 1973, approximately 60 studies were begun of which 17 were continuations, at a cost of $2,705,000, and 43 were new starts, at a cost of $7,750,000.

Included among the continuations are the following: (a) a study of impact of Elementary and Secondary Education Act Title I on reading skills in elementary schools; (b) a longitudinal study of effects of innovative elementary and secondary programs; (c) a study of Elementary and Secondary Education Act Title I formula and sub-allocation procedures; (d) support for joint Federal-State elementary and secondary program information system; (e) a study of the bilingual education program; (f) a study of higher education facilities needs; (g) an evaluation of training programs for higher education personnel; (h) a study of impact of vocational education programs; (i) a cost effectiveness study of education for the handicapped; (j) an evaluation planning for Rocky Mountain region demonstration in educational technology; and (k) measurement of the education effects of income maintenance programs.

Included among the new initiatives are the following: (a) an evaluation of Elementary and Secondary Education Act Title I migrant education programs; (b) an evaluation of Federal demonstration programs in elementary and secondary education; (c) a study of the Talent Search program; (d) development of interest subsidy and default model for Guaranteed Student Loan program; (e) an evaluation of exemplary vocational education projects; (f) an evaluation of the impact of State grant vocational education funds for the handicapped; (g) a national higher education student and institutional resource profile; (h) an analysis of 1972 high school cohort study data; (i) an assessment of educational needs of poor handicapped children; (i) a study of social benefits of higher education; (j) a census data study of college students; (k) an educational telecommunications planning study; (l) an evaluation planning for Right-to-Read community based programs; (m) a model design and development for educational communication; (n) a study of drug abuse education; and (o) several studies of educational finance.

In addition, major support was given to the National Advisory Council on Extension and Continuing Education. Funds were also provided for the support of the two Educational Policy Research Centers at Syracuse and Stanford Research Institute.

The fiscal year 1973 evaluations continue the emphasis on the large scale national evaluations of overall program effectiveness in the effort to close the gaps in our knowledge about program effectiveness. Results of these studies will generally not be available until the fall of 1974.

A number of results are available, however, from previous year studies. For example: (1) a reanalysis and synthesis of Elementary and Secondary Education Act Title I evaluation data for fiscal years 1965 through 1970; (2) a study of the use of incentives in education; (3) a study of the effects of performance contracting; (4) a study of the "Cost of College" which presents reliable cost data by level and control of institution; (5) a study of data on college and university staff manpower; (6) a comparison of proprietary and non-proprietary vocational training programs; (7) a study of State grant programs for the handicapped; (8) an evaluation of Federal programs to increase the pool of special education teachers; (9) a study implementing a process evaluation system for twelve National Center for the Improvement of Educational Systems programs; (10) a study of the impact of the Career Opportunities program and of innovation strategies of other National Center for the Improvement of Educational Systems programs; (11) case studies of twenty successful research and development products; (12) an evaluation of the effectiveness of regional laboratories and R&D centers; (13) a study of exemplary public library reading and reading-related programs; (14) an evaluation of multi-unit elementary school models; and (15) an evaluation of National Center for Educational Communication information analysis products.

Objectives, Fiscal Year 1974:

For fiscal year 1974, we plan to continue our emphasis on evaluating the overall effectiveness of the major Federal education programs. Formal evaluations will be initiated on many of the education programs not previously evaluated. As in 1973, the results of these studies will be used for decisions about these programs as well as to provide information for the annual report to Congress on program effectiveness. As in previous years, the studies will be a mix of continuations and new initiatives. Approximately 20 projects will be continuations for an estimated cost of $3,205,000, and approximately 40 will be new projects for an estimated cost of $7,000,000.

Among the continuations to be funded are: (1) a study of impact of Elementary and Secondary Education Act Title I on reading skills in elementary schools; (2) an evaluation of Federal demonstration programs in elementary and secondary education; (3) a National higher education student and institutional resources profile; (4) a study of the Talent Search program; (5) development of interest subsidy and default model for the Guaranteed Student Loan program; (6) a study of social benefits of higher education; (7) a study of higher education facilities needs; (8) an evaluation of exemplary vocational education projects; and (9) a longitudinal evaluation of the sixth cycle Teacher Corps.

Among new starts planned are: (1) an evaluation of the impact of the bilingual education program; (2) an evaluation of the new program in the Higher Education Act Title III Developing Institutions program; (3) a study of Guaranteed Student Loan program lenders; (4) an analysis of the needs for adult education; (5) an evaluation of innovative projects in adult education; (6) an assessment of programs to provide educational media services to the handicapped; and (7) an impact study of Right-to-Read community based projects.

As in fiscal year 1973, support will be provided for the two Educational Policy Research Centers. Also a portion of the funds will be used to finance consultative and related services required to prepare, monitor, and review various forms of planning and evaluation projects.

Dissemination

	1973	1974	Increase or Decrease
Other expenses..........................	$ 750,000	$ 750,000	$ ---

Narrative

Purpose:

This activity, authorized by Section 422 of the General Education Provisions Act, carries out the responsibility of the Commissioner of Education to prepare and disseminate information concerning Office of Education programs, to cooperate with other Federal officials who administer programs affecting education in disseminating information concerning such programs, and to inform the public on Federally-supported programs. These projects have included publications, films, seminars or workshops, television and radio spots, and other audiovisual materials targeted at certain populations or interest groups as well as the general public. Through these activities, the Office of Education increases the knowledge of the general public about educational goals and issues. The request for fiscal year 1974 continues support for this activity at last year's level.

Accomplishments, 1972 and 1973:

Over the past two years, 22 projects were funded to broaden public understanding of edutation. These included an advertising campaign to promote technical education and training; a project in educating the parents of disadvantaged children to "make every livingroom a classroom;" the production of a half-hour film on environmental education; the promotion and distribution of films on reading and early childhood education; a series of workshops to train public information personnel in State and local education agencies; the publication and dissemination of a special article on gifted children; a slide/tape recording presentation on the Regional Offices; and a film about a career education project.

Objectives, 1974:

During the coming fiscal year dissemination activities will include the development and implementation of a new multimedia advertising campaign on "Career Education;" radio and television spots on student financial assistance; promotion and general information dissemination for "Right to Read;" a pilot project to use multimedia, multilanguage communication to reach American Indians with education information; a University Summer Seminar for education reporters; a television and radio news feature service tied to projects featured in American Education magazine; and the continuation of the promotion of films on the Right to Read, Early Childhood, and Environmental Education programs.

Program Purpose and Accomplishments

Activity: Administration (General Education Provisions Act, Section 400(c))

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
2,965	$78,642,000	Indefinite	2,619	$76,366,000

Purpose: This activity provides support for all necessary staff and related expenses for the Commissioner of Education to carry out his responsibilities for administration, either as provided by statute or by delegation pursuant to statute.

Explanation: This activity provides staff and necessary expenses to support the activities of the staff in administering more than 60 separate programs, to provide program direction and guidance for the Office of Education, and to aid in the implementation of the new Education Revenue Sharing proposal.

Accomplishments in 1973: Major accomplishments of 1973 included the implementation of the Education Amendments of 1972, administration of greatly increased responsibilities of the Emergency School Aid Act, and gearing up for the initial implementation of the Education Revenue Sharing proposal, and to aid in the start-up of the new Basic Opportunity Grants program.

Objectives for 1974: In fiscal year 1974, a decrease of 346 positions is requested which generally corresponds to the programs scheduled for either phase out or for being folded into Education Revenue Sharing.

Activity: Advisory Committees (General Education Provisions Act, Part D)

	1974	
1973	Authorization	Budget Estimate
$ 674,000	Indefinite	$ 797,000

Purpose: Funds to support the activities of advisory committees are used to finance travel of and compensation for committee members, to provide, in some cases, special professional, clerical or technical assistance to support committee activities and to finance publication and dissemination of committee findings and recommendations.

Explanation: Advisory committees serving the Office of Education are created by the Congress or established by the Executive Branch to provide expert advice with respect to programs administered by the Commissioner.

Accomplishments in 1973: Public committees provided advice relative to a majority of Office of Education administered programs during fiscal year 1973. In addition to carrying out specialized evaluation projects, these groups advised the Office on preparation of regulations for the administration of educational programs and reviewed criteria for funding applications for various projects.

Objectives for 1974: Whereas the Congress has given the advisory committees a mandate for continuing advisory activities, these groups will be involved in the review and assessment of Office of Education administered programs and will report their activities, findings and recommendations to the Commissioner, the Congress and/or the President at the conclusion of the year.

Activity: Planning and Evaluation (General Education Provisions Act, Section 411)

	1974	
1973	Authorization	Budget Estimate
$ 10,455,000	$ 25,000,000	$ 10,205,000

Purpose: Funds for planning and evaluation are used to support planning and evaluation studies of programs administered by the Office of Education. Evaluation studies are used to assess objectively the effectiveness and impact of Federal education programs; to identify educational needs and objectives; to measure how well these are being met; and to help determine what works, what doesn't work and why. The data from these studies provide input to decisions about program development, emphasis, and management.

Explanation: The first step is to identify Congressional, Executive Office, Departmental, Commissioner, and Bureau requirements for planning and evaluation data. From these requirements and a knowledge of the availability of planning and evaluation funds, a comprehensive evaluation plan is developed. Once the plan is approved at the Office of Education and Department levels, it is put into effect. Major studies are conducted by contractors selected by competitive bidding and monitored by the Office of Education.

Accomplishments in 1973: Major effort was on evaluating the overall effectiveness of the major Federal education programs rather than on planning or needs assessment. New studies funded during the year included an evaluation of Elementary and Secondary Education Act Title I migrant education programs, an evaluation of Federal demonstration programs in elementary and secondary education, a study of the Talent Search program, a study of the Guaranteed Student Loan program, a study of the impact of new higher education legislation on student and institutional financial aid needs, a study of the social benefits of higher education, an evaluation of exemplary vocational education products, an evaluation of the impact of State grant vocational education funds for the handicapped, two assessments of the educational needs of handicapped children, an educational telecommunications planning study, and a study to plan the evaluation of Right-to-Read community based programs.

Objectives for 1974: Evaluation capability will be further expanded so that the Office of Education can be more fully responsive to the Nation's educational needs and to facilitate the annual reporting requirement on the effectiveness of all Office of Education programs. Emphasis will again be on evaluating the overall effectiveness of the major Federal education programs. Formal evaluations will be initiated on many of the education programs not previously evaluated.

Activity: Dissemination (General Education Provisions Act, Section 422)

1973	1974 Authorization	1974 Budget Estimate
$ 750,000	Indefinite	$ 750,000

Purpose: The purpose of the Dissemination activity is to fulfill the responsibilities of the Commissioner of Education to prepare and disseminate to State and local educational agencies and institutions information concerning Office of Education programs and cooperate with other Federal officials who administer programs affecting education in disseminating information concerning such programs, and to inform the public on Federally supported education programs.

Explanation: To carry out the purpose of this activity, the Office of Education awards contracts for activities that include films, publications, seminars or workshops, television and radio spots, and preparation of other audiovisual materials.

Accomplishments in 1973: In 1973, a total of 12 projects will be supported, an increase of 2 over those in 1972. Of these, 6 are continuations, and 6 will be new awards.

Objectives for 1974: The estimate for 1974 will support 15 contracts, of which 11 will be continuations and 4 will be new awards.

SUBCOMMITTEE RECESS

Senator COTTON. The subcommittee will stand in recess until tomorrow morning at 10 a.m. in room S-126 in the Capitol when we will resume with special institutions.

[Whereupon, at 3:30 p.m., Tuesday, May 22, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, May 23.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

WEDNESDAY, MAY 23, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:50 a.m. in room S-128, the Capitol, Hon. Norris Cotton, presiding.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

AMERICAN PRINTING HOUSE FOR THE BLIND

STATEMENT OF FINIS E. DAVIS, VICE PRESIDENT AND GENERAL MANAGER

ACCOMPANIED BY CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

EDUCATION OF THE BLIND

Senator COTTON. The subcommittee will come to order. We will resume hearings this morning for the so-called special institutions portion of the HEW budget.

To lead it off, the subcommittee will hear testimony of The American Printing House for the Blind. This organization does a very commendable job manufacturing books for use in the education of blind children.

Mr. Finis Davis is here to testify on the budget request of $1,817,000. You may proceed sir.

GENERAL STATEMENT

Mr. DAVIS. Thank you, Mr. Chairman. I have a brief statement of justification that I should like to read. Then I will attempt to answer any questions that anybody might like to ask.

Senator COTTON. Go right ahead, sir.

Mr. DAVIS. The background information states that The American Printing House for the Blind was chartered by the State of Kentucky in 1858 for the nonprofit manufacture of books and appliances for use in the education of blind children in special schools for the blind. In 1879, the Congress passed an act, "to promote the education of the Blind" providing for a permanent annual appropriation of $10,000. In 1919, an act provided for an additional annual authorization of appropriations. The authorized amount was increased through a series of amendments until it reached $400,000 in 1959 where it remained until fiscal year 1962. Early in fiscal year 1962, an amendment, Public Law 87–294, removed the statutory limitation entirely; and provided that a reasonable sum of the annual appropriation might be used for salaries and expenses relating to advisory committees, consultants, and field services.

Prior to the spring of 1970, all students served through the Federal appropriation were required to be in attendance at publicly supported educational institutions. However, at that time, through an amendment to the Elementary and Secondary Education Act, this requirement was deleted from the basic authorizing act to promote the education of the blind and its benefits opened to all blind pupils of less than college grade, including those attending private nonprofit institutions.

The funds appropriated are utilized by the Printing House for payment of the production costs of books and educational aids used by blind children throughout the United States, its territories and possessions, and a limited amount for advisory committees, consultants, and other expenses involved in the administration of the act. No part of the funds are used for purchase of equipment, or construction or leasing of buildings.

The request for 1974 is $1,817,000 of which $1,739,500 will be used to supply educational materials to all blind students of less than college grade, the remainder of $77,500 is estimated for administration of the act and other expenses related to the activities of advisory committees, consultants and field services.

EDUCATIONAL MATERIALS

The request of $1,739,500 for educational materials when taken together with the $10,000 permanent appropriation and applied to an estimated 23,500 eligible blind students will provide a per capita rate of $74.44 for fiscal 1974. Due to increases in the cost of raw materials, labor and other operational costs, the per capita rate of $74.44 is an increase of approximately 3.5 percent over that of 1973, and the estimated additional eligible students to be registered will represent a 3.5 percent increase in eligible students. The estimated increase of $2.69 in per capita will provide blind students the equivalent materials that have been provided for the past few years. During the past year, the Printing House raised its minimum wage from $1.60 to $1.75 per hour, was brought under the Unemployment Compensation Act through State legislation and made necessary changes to comply with the Federal Safety Act.

During fiscal 1972, the Printing House served 21,846 pupils; fiscal 1973, based on registrations of pupils as of the first Monday in January 1972, 22,702 eligible students will be served; and, the 1974 request is based on an estimated registration of 23,500 blind pupils eligible to receive services from the American Printing House for the Blind.

ADVISORY COMMITTEES

The American Printing House for the Blind has three advisory committees: Publications Committee, Educational Aids Committee and Educational Research Committee. These committees advise and approve materials and aids to be recommended to the Board of Trustees for approval to be manufactured through the Federal appropriation. The request of $77,500 for 1973, is for administration of the act and related expenses of the advisory committees and field representatives.

With present day emphasis on reaching blind children at early ages, young blind children in formally organized nursery schools are being served. As a result, the 1972 registration of blind children in formally organized nursery schools has increased approximately 32 percent and some 980 of these children are now being served. The number of children in private nonprofit institutions is expected to increase and the trend also indicates trainees in rehabilitation centers will also increase.

MULTIHANDICAPPED CHILDREN

It is interesting to note that in January 1971, there were 5,151 multihandicapped blind children registered with the Printing House and registrations in January 1972, reveal 6,087 children are registered with the Printing House for services under the act. This is a very noticeable increase of 936 children in this area alone. Of course, this will result in a need for a greater variety of materials and aids.

Senator COTTON. Exactly what do you mean by "multihandicapped blind children"?

Mr. DAVIS. More than being just blind; they have other types of handicaps—cerebral palsy or something other than being blind. Deaf-blind would be a type of a multihandicapped child.

Senator COTTON. That covers most of those things?

Mr. DAVIS. Yes. Many multihandicapped children, Mr. Chairman, in years gone by, were not coming into the educational programs. Now public education is reaching more children, they are doing more and they are making more effort to reach those children and do something for them, rather than just let them sit idly at home with no opportunity for education. It is a good trend. I think it is very meaningful.

Senator COTTON. If a child is both deaf and blind, are the schools you serve equipped to take care of them?

Don't they have to be in institutions that are designed for what we rather cold-bloodedly—and I dislike the phrase—call deaf-mutes?

Mr. DAVIS. Mr. Chairman, yes, in a sense. Not deaf-mutes particularly, but a deaf-blind child. They have special educational programs.

Senator COTTON. They have some hearing?

Mr. DAVIS. They may, or they may be totally deaf, or they may be deaf-blind. Our program is not for deaf children, ours is for the blind, but when a deaf-blind child comes into being, then many of our materials are available for a deaf-blind child, and they are educated in special organized classes, like Perkins Institute.

I think the country has several deaf-blind educational programs and we serve those; they are registered with us for participation in the program.

Senator COTTON. Thank you.

PER CAPITA INCREASE

Mr. DAVIS. The 1972 registration also revealed that 63 percent or 14,344 of the total blind students attend public school classes for the seeing. This trend will continue to increase the demand for a larger variety of textbook materials and as a result will increase unit costs for every item. During the 1972 fiscal year, 37.5 percent of the quota funds were used to furnish educational aids, 39.32 percent large type textbooks, but only 21.13 percent Braille textbooks, the remaining portion being used to supply a small amount of recorded materials and other miscellaneous items.

Educational procedures now being used require a far greater variety of supplementary and educational enriching books and aids than in past years. The result, therefore, is that just meeting the increased cost for the basic minimal materials is not sufficient. Actually, the Printing House is meeting the demand for continuation of service to a more complex group of children in a more complex society for a more diversified future.

RESEARCH

Our never-ending search for improvement in methods of producing books and educational aids for the blind makes possible the provision of new and badly needed items, but does not necessarily reduce the cost, but often increases them in order to provide a more effective and useful product. The Printing House, out of its own funds and through grants is continuing to expand activities in research and development.

Senator COTTON. What do you mean, out of its own funds?

Do you mean you have private endowment as well as the Federal contribution?

Mr. DAVIS. Yes, Mr. Chairman. We have a small endowment of our own, but we also do contract work for other sources and we receive grants and some bequests, so we use funds and we raise funds for two things—and I am going to explain this—we raise funds to provide the Braille and talking book editions of the Reader's Digest, that is a Printing House production; and we raise funds to produce the recorded editions of Newsweek for the general public, that is a Printing House production. Those are the only two things we do on our own; everything else we do for the appropriation to meet the needs of children in schools under the appropriation.

Senator COTTON. You are a nonprofit organization?

Mr. DAVIS. Yes, and we do a lot of work for the Library of Congress and other agencies. We do the Bibles for the American Bible Society. Many religious denominations participate.

We have the facilities and the know-how.

The need for continuing research is evident in many areas, but at the present time one of the most impressive areas is in the need for new items to be developed for use by the multihandicapped and preschool blind children. Education of these children takes years of training and helping with the need for the right educational materials at the right time.

As the national textbook publisher for the blind, the Printing House is able to achieve many economies due to centralized production, including the computer-translation of Braille, but the highly specialized methods employed in the publication of textbooks in Braille, recorded in large type form and in the manufacture of aids, coupled with the relatively small numbers of blind, must of necessity, result in high unit costs. The costs of producing textbooks for the blind is tenfold that of those for sighted students.

SUMMARY

In closing, may I extend my sincere thanks to the Appropriations Committee and the Congress for their continued interest in the education of the blind children of this Nation. The 1974 request represents an increase of $120,000 which will supply an estimated additional 798 blind students and all 1973 base pupils, 22,702, with educational materials and will provide the same amount of money, $77,500, expenses relating to advisory committees and field representatives. I am leaving with the committee copies of the annual report for the fiscal year ending June 30, 1972, which gives a complete report of the American Printing House for the Blind operation for the year. I am also leaving you a complete set of our catalogues listing the Braille and aids that we manufacture, to give you some idea of the service we render to blind people through this Federal appropriation. It is very satisfying work.

Senator COTTON. We appreciate that, and that will be made available to all members of the committee and kept in the files of the committee.

[The catalogs were delivered and placed in the committee files.]

PRODUCTION COSTS

Senator COTTON. That is a very excellent statement, and of course it is on a subject of which every member of the committee must have the greatest sympathy and greatest desire to be cooperative. I note that the budget recommended appropriation for fiscal year 1974 is only increased over 1973 by $100,000.

Is that designed to take care of the increased compensation that you are compelled to pay your people? What else is it supposed to include, and, frankly, is it enough?

Mr. DAVIS. Mr. Chairman, that was our projected estimate of an increase of 798 children and it does increase the per capita by $2.69. This is our projection of the cost of taking care of additional children on about the same level.

Senator COTTON. You did, however, mention in your statement, did you not, that you had raised the minimum wage of your workers?

Mr. DAVIS. Yes, sir. We did.

Senator COTTON. This also covers that?

Mr. DAVIS. Yes, sir.

The thing that makes it possible for us to do—I realize this statement is the minimum request for an increase over last year—but we do many things there to reduce cost.

Here is an example of research that we have done this year. This is an inexpensive plastic record, whereas before we had been producing the hard records. Now the hard record will cost about 40 cents to produce. This record, in large measure, will be 20 cents, perhaps 15 cents, in a production run. It is as good a quality as you will find in a hard record. It is very durable, it is easier to ship, and it is a good piece of research work. There is not a quality record like this in the Nation. There is an hour's reading on each side of this 9-inch record.

NUMBER OF FIELD REPRESENTATIVES

Senator COTTON. How many field representatives do you have to advise teachers on the latest books and materials?

Mr. DAVIS. Mr. Chairman, their responsibility is not particularly to advise them on books and materials. Our field representatives visit in the schools working with the public school teachers. Our catalogs are our method of advising them. All superintendents of public instruction for the blind or their designees—and most of them are the people that head up special education or are on our board—come to our annual meeting every year. These catalogs are also in the hands of our ex officio trustees, the school superintendents. They are also sent to classroom teachers.

Our field people and some of our research people, work with them, showing them the meaningful use of the various aids that we manufacture. In large measure, we only have two field representatives, but our research people under grants and in the funds that we secure from other sources, also work with research with these children in these schools, and they do the same thing.

Senator COTTON. They do some field work, too?

Mr. DAVIS. Yes; they do.

Senator COTTON. Counting your two regulars, and those that supplement their work, how many?

Mr. DAVIS. I would say that we have 10 to 12 in the research people and also in our editorial.

Senator COTTON. Only two of them are paid out of the appropriation?

Mr. DAVIS. That is right.

ADVISORY COMMITTEE COSTS

Most of the appropriation goes to pay the expenses of the committees. We do not produce anything on our own from this appropriation. Everything that is produced from this appropriation is approved by the Publications Committee, the Tangible Aids Committee, and the Research Committee.

Senator COTTON. Are those committees, do they receive some per diem pay for times that they have to meet and work plus expenses?

Mr. DAVIS. Anything except expenses, Mr. Chairman.

Senator COTTON. No per diem?

Mr. DAVIS. No, sir.

Senator COTTON. They work free?

Mr. DAVIS. They come to the meetings and contribute, but their expenses are paid through the appropriation.

Senator COTTON. That applies to all three of those advisory committees?

Mr. DAVIS. Yes, sir.

BOARD OF TRUSTEES

Senator COTTON. You also refer to your Board of Trustees. Are they synonymous?

Mr. DAVIS. Our Board of Trustees are seven leading citizens of Louisville. That is a self-perpetuating Board of the original charter in 1858; that is the Board of Trustees. But all superintendents of schools for the blind, and all State Departments of Education are represented as Ex Officio Trustees of the Printing House in administering this act. And all these committees are chosen annually at our annual meeting from this group of Ex Officio Trustees, representing the children that they serve in the field.

AIDS FOR THE BLIND

Senator COTTON. You have already answered the next question that I had prepared regarding whether you have been developing new aids for the teachers. You have covered that very well, indeed—in other words, aids for the blind.

We older people, who have the impression through the years, think of Braille as about all there is. But there are now many aids.

Mr. DAVIS. Yes, sir. I suppose we produce about 160 to 175 different types of educational aids for blind children.

Senator COTTON. You are inventing new ones each year?

Mr. DAVIS. Each year.

OTHER SERVICES FOR THE BLIND

Senator COTTON. How is your work divided between grade schools, colleges, and universities?

Mr. DAVIS. Ours is all through the secondary level, less in college grades. Our appropriation does not cover higher institutions of learning.

Senator COTTON. All elementary and secondary?

Mr. DAVIS. Yes; we go through that with basic courses of study with choices.

Senator COTTON. What organized, either governmental or private, organizations take care, not only those of college age, but of older people, who have not had the opportunity of being taught as children?

Mr. DAVIS. Mr. Chairman, suppose we talk about the higher institutions. Young blind people who attend higher institutions of learning, they come under the Department of Rehabilitation and the Department of Rehabilitation is in a position to provide them funds for a sighted reader and other types of aids.

And there are volunteers. Recordings for the blind, for example, New York provides volunteer materials for those institutions of higher learning.

Senator COTTON. You mean the social rehabilitation area in our appropriation?

Mr. DAVIS. Yes.

Mr. MILLER. But it is primarily the State Rehabilitation Agency which receives some funds from the Federal Government.

Of course, there is aid to the blind, if they are on welfare under public assistance.

Mr. DAVIS. The other program is the Library of Congress program. That provides reading material and literature for the blind, through the Federal appropriations, to the Library of Congress. We do a lot of work for the Library of Congress on a nonprofit contract basis, such as the records and the braille. We are a large source of supply of materials for them, through the Printing House, since we have the know-how and the equipment, to do it.

Senator COTTON. We thank you. We congratulate you on what you are doing, and we, as a committee—and I am sure the whole Congress feels the same way—we feel greatly indebted to your dedication to this work and that of your associates.

Mr. DAVIS. Thank you very much.

Senator COTTON. We will try to do all we can to help.

Mr. DAVIS. You have always been very helpful and understanding.

Senator COTTON. Thank you for being with us.

JUSTIFICATION

The justification for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

American Printing House for the Blind

For carrying out the Act of March 3, 1879, as amended (20 U.S.C. 101-105), [$1,696,500.] *$1,817,000*.

Amounts Available for Obligation

	1973	1974
Appropriation....................	$1,696,500	$1,817,000

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Grants for Education of the Blind			
	a) Educational Materials . . .	1,619,000	1,739,500	+ 120,500
	b) Expenses related to Advisory Committees	77,500	77,500	-0-
	Total Obligations.	$1,696,500	$1,817,000	+$120,500

Obligations by Object

	1973	1974	Increase or Decrease
Grants, subsidies, and contributions.	$1,696,500	$1,817,000	+$120,500

Summary of Changes

1973 Estimated Obligations.	$ 1,696,500
1974 Estimated Obligations.	$ 1,817,000
Net Change.	$ + 120,500

Increases:

	1973 Base	Change from Base
Program:		
Educational Materials:		
For an additional 798 eligible blind pupils and for all 1973 base pupils(22,702) at $74.446 per capita in 1974.	1,619,000	+ 120,500
Expenses relating to Advisory Committees	77,500	-0-
Total, Net Change.		$+ 120,500

Explanation of Change

Program Increase:

Educational Materials - The increase of $120,500 will supply an estimated additional 798 blind students and all 1973 base pupils (22,702) with educational materials. The per capita rate will increase approximately $2.691 and the number of pupils to be served will increase from 22,702 in 1973 to 23,500 in 1974.

Authorizing Legislation

	1974	
Legislation	Authorization	Appropriation Requested
For carrying out the Act of March 3, 1879, as amended (20, U.S.C. 101-105), "To Promote the Education of the Blind"	Indefinite	$1,817,000

Early in fiscal year 1962, an amendment (P.L. 87-294) removed the statutory limitation entirely. An amendment to the Elementary and Secondary Education Act in Spring 1970, provided benefits for blind pupils less than college grade, including those attending private non-profit educational institutions.

An Act providing additional aid to the American Printing House for the Blind

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that for the purpose of enabling the American Printing House for the Blind more adequately to provide books and apparatus for the education of the blind, there is hereby authorized to be appropriated annually to it, in addition to the permanent appropriation of $10,000 made in the Act entitled, "An Act to promote the education of the blind", approved March 3, 1879, as amended, such sum as the Congress may determine, which sum shall be expended in accordance with the requirement of said Act, under rules and regulations prescribed by the Secretary of Health, Education, and Welfare, to promote the education of the blind.

Appropriations History

Year	Budget Estimate To Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 775,000	$ 775,000	$ 775,000	$ 775,000
1965	865,000	865,000	865,000	865,000
1966	909,000	1,000,000	1,000,000	1,000,000
1967	1,027,500	1,027,500	1,027,500	1,027,500
1968	1,225,000	1,225,000	1,225,000	1,225,000
1969	1,340,000	1,340,000	1,340,000	1,340,000
1970	1,404,000	1,404,000	1,404,000	1,404,000
1971	1,476,000	1,557,000	1,517,000	1,517,000
1972	1,580,000	1,580,000	1,580,000	1,580,000
1973	1,696,500			
1974	1,817,000			

Justification

	1973	1974	Increase or Decrease
Activity 1:			
Educational Materials. . . .	$ 1,619,000	$ 1,739,500	$ + 120,500
Activity 2:			
Advisory Committees	77,500	77,500	-0-
Total	$ 1,696,500	$ 1,817,000	$ + 120,500

General Statement

A. Background

The American Printing House for the Blind was chartered by the State of Kentucky in 1858 for the non-profit manufacture of books and appliances for use in the education of blind children in special schools for the blind. In 1879, the Congress passed an Act, "to promote the education of the Blind" providing for a permanent annual appropriation of $10,000. In 1919 an Act provided for an additional annual authorization of appropriations. The authorized amount was increased through a series of amendments until it reached $400,000 in 1959 where it remained until fiscal year 1962. Early in fiscal year 1962, an amendment (P. L. 87-294) - (1) removed the statutory limitation entirely; and (2) provided that a reasonable sum of the annual appropriation might be used for salaries and expenses relating to advisory committees, consultants, and field services.

Prior to the spring of 1970, all students served through the Federal appropriation were required to be in attendance at publicly supported educational institutions. However, at that time, through an amendment to the Elementary and Secondary Education Act, this requirement was deleted from the basic authorizing Act "To Promote the Education of the Blind," and its benefits opened to all blind pupils of less than college grade, including those attending private non-profit educational institutions.

B. Allocation of Funds

In administering the appropriation, the Printing House obtains a certified registration from each public and private non-profit institution for the education of the blind, and from each chief State school officer for blind pupils enrolled in public, non-profit educational institutions and public school classes. These certificates of registration of the number of blind pupils as of the first Monday in January are used for computing the ratio of each pupil registered against the aggregate of the registrations.

This ratio is then applied to the total of the annual and permanent appropriations, less the amount earmarked for expenses relating to advisory committees and field representatives, in order to determine the quota credit to be given to each public and private non profit institution for the education of the blind and to each chief state school officer. Against this credit, books and materials are shipped to the schools for the blind on order from their superintendents and to public school classes on order from each chief State School officer. So that the needs of the schools may be promptly and efficiently met, the Printing House maintains at its own expense a continuing open stock inventory valued at more than $ 1,500,000.

Organization by Activity
Activity 1: Educational Materials

	1973	1974	Increase or Decrease
Activity 1: Educational Materials	$ 1,619,000	$ 1,739,500	$ + 120,500
Total	$ 1,619,000	$ 1,739,500	$ + 120,500

Narrative:

The request of $1,739,500, for educational materials when taken together with the $10,000 permanent appropriation and applied to an estimated 23,500 eligible blind students, will provide a per capita rate of $74.44 for fiscal 1974.

Due to increases in the cost of raw materials, labor, and other operational cost, the per capita rate of $74.44 is an increase of approximately 3.5% over that requested for 1973, and the estimated additional eligible students to be registered will represent a 3.5% increase in eligible students to be served. The estimated increase of $2.69 in per capita will provide blind students the equivalent materials that have been provided for the past few years.

Activity 2: Advisory Committees

	1973	1974	Increase or Decrease
Activity 2: Advisory Committees	77,500	77,500	(0)
Total	$77,500	$77,500	(0)

Narrative:

The American Printing House for the Blind has three Advisory Committees:

1) Publications Committee
2) Educational Aids Committee
3) Educational Research Committee

These committees advise and approve materials and aids to be manufactured through the Federal appropriation. The request of $77,500 for 1974, is for administration of the Act and related expenses of the Advisory Committees and field representatives.

Program, Purpose and Accomplishments

Activity 1

Activity: Educational Materials

1973	1974	
Amount	Authorization	Budget Estimate
$1,619,000	Indefinite	$1,739,500

Purpose: The purpose of the American Printing House for the Blind, under the Act, "to promote the education of the blind", is to provide educational materials to students, of less than college grade, who attend public schools and classes with sighted children and blind students who attend special schools and classes for the blind.

Explanation: All Superintendents of Schools for the Blind and of Public Instruction in the various States, or their designees, are Ex-officio Trustees of the Printing House in the administration of the Federal Act, "To Promote the Education of the Blind." This group meets annually in October or November, at the American Printing House, with the Corporate Board of Trustees to review the past year's work and to adopt textbooks, approve educational aids to be manufactured and recommend research to be undertaken during the year ahead. The various Advisory Committees are also elected at the Annual Meeting. In addition to producing the newly adopted materials for the next school year, the Printing House makes the necessary reprints and keeps in stock a finished goods inventory of more than $1,500,000 in order to serve the needs of the Schools for the Blind and State Departments of Education on a current order basis.

Accomplishments for 1972-73: The American Printing House for the Blind supplied educational materials and educational aids for education of the blind to 21,846 blind children in schools for the blind and in private and public schools. The gap between research and development and actual production of new aids was greatly reduced and several new aids were produced, i.e., Landform Models, an aid in teaching Geography; Shape Board and Puzzle Form Board Kit, an aid in developing basic concepts of form, etc.; "Listen and Think" an aid for improving listening comprehension; and the APH-designed GE Cassette recorder-reproducer. Materials and books were also provided to multi-handicapped children and adult trainees at rehabilitation centers. With emphasis on reaching blind children at early ages, young blind children in formally organized nursery schools were served. Based on registration of pupils as of the first Monday in January 1972, 22,702 pupils will be served by the Printing House in 1973.

Objectives for 1974: Basically, the objectives of the Printing House will remain the same as those for 1973. To produce on schedule the various new educational materials and aids as approved by the Committees for the new school year, and maintain current inventory on all materials listed in catalogs in order to provide the best possible service to the various schools educating blind children. The request for 1974 represents an increase in per capita of approximately 3.5% and a 3.5% increase in total number of eligible students to be served.

Activity 2

Activity: Advisory Committees

1973	1974	
Amount	Authorization	Budget Estimate
$77,500	Indefinite	$77,500

Purpose: To advise and approve aids and materials to be manufactured and supplied through the Federal appropriation.

Explanation: There are three (3) advisory committees, consisting of five members of the Ex-officio Trustees each - Publications Committee, Educational Aids Committee and Educational Research Committee.

Accomplishments in 1972-73: The Publications Committee and Educational Aids Committee advised and approved materials and aids to be manufactured and supplied through the Federal appropriation. The Educational Research Committee advised and assisted in the identification of relevant areas for educational research and materials developed. Field representatives for the Printing House travelled to State Departments of Education and Schools for the Blind and met with teachers for the blind to advise them on facilities and materials available to blind children.

Objectives in 1974: To continue to advise the Printing House on educational research to be undertaken, educational materials and educational aids to be manufactured and made available to blind children. Also, maintain a continuing contact with schools for the blind, public and parochial schools educating blind children, and provide assistance to colleges and universities conducting training programs for teachers of special education. Field representatives for the Printing House will travel to public and private non profit schools educating blind children and to schools for the blind and advise teachers on materials available and thier use in the education of blind children. The Printing House will also continue to give assistance to colleges and universities conducting training programs for teachers of the blind.

State Tables
Federal Aid to States, Territories and Possessions
and
the Number of Pupils Registered for each Year

	No. of Pupils First Monday in January			Appropriation for Fiscal Year		
	Actual 1971	Actual 1972	Projected 1973	Actual 1972	Projected 1973	Projected 1974
Alabama	548	538	557	$ 38,003	$ 38,605	$ 41,467
Alaska	23	23	24	1,595	1,650	1,787
Arizona	164	143	148	11,373	10,261	11,018
Arkansas	307	290	300	21,290	20,809	22,334
California	2,088	2,296	2,377	144,801	164,751	176,960
Colorado	267	279	289	18,516	20,020	21,515
Connecticut	436	439	455	30,236	31,501	33,873
Delaware	49	60	62	3,398	4,305	4,616
Florida	750	810	838	52,012	58,122	62,386
Georgia	584	624	646	40,500	44,776	48,093
Hawaii	56	42	43	3,884	3,014	3,201
Idaho	31	39	40	2,150	2,798	2,978
Illinois	1,105	1,261	1,305	76,631	90,484	97,153
Indiana	445	507	525	30,860	36,380	39,085
Iowa	291	326	337	20,181	23,392	25,089
Kansas	333	322	333	23,093	23,105	24,791
Kentucky	289	296	306	20,042	21,240	22,781
Louisiana	375	383	396	26,006	27,482	29,481
Maine	110	115	119	7,629	8,252	8,859
Maryland	539	504	522	37,379	36,165	38,861
Massachusetts	688	742	768	47,712	53,243	57,175
Michigan	1,065	984	1,019	73,857	70,608	75,861
Minnesota	327	368	381	22,677	26,406	28,364
Mississippi	179	215	223	12,414	15,427	16,602
Missouri	419	429	444	29,057	30,783	33,054
Montana	82	92	95	5,687	6,601	7,072
Nebraska	140	133	138	9,709	9,543	10,274
Nevada	31	26	27	2,150	1,866	2,010
New Hampshire	101	107	111	7,004	7,678	8,264
New Jersey	769	801	829	53,329	57,476	61,716

	No. of Pupils First Monday in January			Appropriation for Fiscal Year		
	Actual 1971	Actual 1972	Projected 1973	Actual 1972	Projected 1973	Projected 1974
New Mexico	117	122	126	8,114	8,754	9,380
New York	1,839	1,726	1,787	127,533	123,851	133,036
North Carolina	651	659	682	45,146	47,287	50,773
North Dakota	39	37	38	2,705	2,655	2,829
Ohio	842	890	921	58,392	63,863	68,566
Oklahoma	180	173	179	12,483	12,414	13,326
Oregon	242	246	255	16,782	17,652	18,984
Pennsylvania	1,389	1,404	1,453	96,326	100,745	108,171
Rhode Island	209	229	237	14,494	16,432	17,644
South Carolina	324	432	447	22,469	30,999	33,278
South Dakota	61	54	56	4,230	3,875	4,169
Tennessee	424	439	454	29,404	31,501	33,799
Texas	1,015	1,083	1,121	70,389	77,712	83,455
Utah	114	104	108	7,906	7,463	8,040
Vermont	44	57	59	3,051	4,090	4,392
Virginia	605	599	620	41,956	42,982	46,157
Washington	375	393	407	26,006	28,200	30,300
West Virginia	247	270	280	17,129	19,374	20,845
Wisconsin	332	309	320	23,024	22,173	23,823
Wyoming	50	48	50	3,468	3,444	3,722
Dist. of Columbia	62	132	137	4,300	9,472	10,199
Canal Zone	1	-*	-*	69	-*	-*
Puerto Rico	93	102	106	6,449	7,319	7,892
American Samoa	-*	-*	-*	-*	-*	-*
Guam	-*	-*	-*	-*	-*	-*
Virgin Islands	-*	-*	-*	-*	-*	-*
	21,846	22,702	23,500	$ 1,515,000*	$1,629,000	1,749,500*

PER CAPITA:

For year ending June 30, 1972(based on actual registrations Jan. 1971) $69.3491

For year ending June 30, 1973(based on actual registrations Jan. 1972) $71.7558

For year ending June 30, 1974(based on projected registrations Jan. 1973) $74.4468

-* No pupils reported

*Includes the $10,000 the Printing House receives annually from a permanent appropriation.

National Technical Institute for the Deaf

STATEMENT OF DR. ROBERT FRISINA, DIRECTOR OF THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, ROCHESTER INSTITUTE OF TECHNOLOGY

ACCOMPANIED BY:
- WILLIAM H. WILLIAMS, ASSISTANT TO THE DIRECTOR OF THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, ROCHESTER INSTITUTE OF TECHNOLOGY
- CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET
- DR. FRANK B. WITHROW, HEW LIAISON OFFICER, FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, BUREAU OF EDUCATION FOR THE HANDICAPPED

INTRODUCTION OF ASSOCIATES

Senator Cotton. Next, the subcommittee will hear the budget request for $6,487,000 for the National Technical Institute for the Deaf. Dr. Frisina is here to talk to us about this.

We welcome you. If you have associates with you, will you introduce them to us, Dr. Frisina?

Dr. Frisina. Yes, sir.

Mr. Williams is Assistant to the Director of the National Technical Institute for the Deaf, and Dr. Frank Withrow is the HEW liaison officer to the National Technical Institute for the Deaf.

Senator Cotton. You may proceed with your statement, if you wish to read it in its entirety.

Dr. Frisina. With your permission, I will read it.

BUDGET REQUEST

Mr. Chairman, on behalf of the Department, I am pleased to present this request for the National Technical Institute for the Deaf for $6,487,000.

The National Technical Institute for the Deaf was established in 1965 by Public Law 89-36 to provide deaf citizens an opportunity for postsecondary education and training which is unique both in the United States and the world. NTID is an integral part of the long-standing institution of higher learning, the Rochester Institute of Technology; as such, it is the first large endeavor in the world to educate deaf students at the postsecondary level within a predominantly hearing college community.

NTID has three fundamental purposes:

(1) to prepare deaf students for direct employment and for full participation in community living.

(2) to train professional manpower to serve the deaf nationally; and

(3) to influence education, training, and job placement of the deaf through research.

Since its opening in fiscal year 1969, NTID has provided education and training to nearly 700 different students from 46 States and territories; and in this brief period, through its nationwide placement network, NTID's graduates have been employed in 28 States and the District of Columbia.

NTID is for deaf persons, and deafness can be a devastating handicap to overcome. Some 97 percent of the youngsters at NTID sustained their deafness at birth or prior to age 3 years; they are profoundly deaf with an average hearing loss of 95 decibels; and in spite of some 12 years of specialized schooling, necessitated by their deafness, their average academic achievement levels upon arrival at NTID approach that of an elementary school graduate.

PROGRAM FOR 1974

Our continuing effort in fiscal year 1974 is to provide technical education and training programs to some 500 such deaf students. They will continue to be enrolled in a wide variety of curricula, ranging from basic and preparatory programs in English, reading, math, and science, to such technical-vocational programs as architectural drafting, bookkeeping, data processing, engineering, accounting, medical technology, clinical chemistry, photographic technology, civil technology, computer science, printing technology, and applied arts, which lead to technical-level, semi-professional and professional careers in business, industry, government and education.

Senator COTTON. You prepare them so they can become associated and employed by private corporations that are in all these fields?

Dr. FRISINA. Precisely, yes sir.

Senator COTTON. That preparation that you give them, is that all done at Rochester?

Dr. FRISINA. Yes, sir, it is all done through the National Technical Institute for the Deaf, which is situated in Rochester, N.Y., and the sponsoring institution, which is the Rochester Institute of Technology.

Senator COTTON. If I am a deaf person, and I live in Seattle, that is a long way from Rochester. How are you reaching the deaf, particularly the deaf children and so forth, all over the 48 States, if the seat of your activities is confined to Rochester?

Dr. FRISINA. They come to Rochester, and, in spite of our short time in business, we do have them coming from 46 States, the District of Columbia and Puerto Rico, as a matter of fact.

This particular institution, I might say, Mr. Chairman, is at the postsecondary level. So, the youngsters coming to this institution will have had both elementary and secondary educational experiences prior to coming. So, this is at the postsecondary level.

PRELIMINARY EDUCATIONAL PROGRAMS

Senator COTTON. Where do they get the preliminary education?

Dr. FRISINA. Their preliminary training has been in a variety of educational programs that we classify as residential schools for the deaf of a public nature; residential schools of a private nature; public school programs, day school programs, as they are called; and day classes in regular public schools with special assistance. Almost every State has these kinds of programs available; some at the preschool but primarily at the elementary and secondary school levels. NTID is the kind of program which does not exist on a State-to-State basis.

Senator COTTON. Please proceed.

SUPPORT SERVICES

Dr. FRISINA. Support services required by these young deaf people are made available. Tutoring and interpreting services are provided. All students receive much needed communication services in speech and hearing. Students benefit from research programs made in such areas of educational technology as computer-assisted instruction, films, television, and other visually oriented devices so important to them.

All students receive counseling services as necessary for vocational, personal, social, and cultural development. Finally, all graduating students are aided in gaining employment through a comprehensive, nationwide job placement program.

NATIONAL IMPORT

NTID is required to contribute to the training of professionals to be of service to deaf persons nationally. In cooperation with the sponsoring institution, NTID makes its facilities available and assists in the preparation of academic, technical, and vocational teachers of the deaf; rehabilitation specialists in the areas of the deaf; guidance and employment counselors to the deaf; and psychologists, social workers, and others. In fiscal year 1974 professional training programs will serve some 230 individuals. Short-term conferences will continue to be directed toward persons serving the deaf nationally. Graduate interns from other colleges and universities will be provided supervised experiences at NTID, and in-service professional training activities with NTID and other RIT staff members will continue.

RESEARCH FOR THE DEAF

Research and development projects related to the social, educational, and economic accommodation of deaf people, including evaluation and improvement of teaching techniques will continue. An Office of Educational Extension has been developed so as to assure appropriate linkages between NTID and other programs and agencies serving deaf persons nationally.

OTHER PROGRAMS FOR THE DEAF

Senator COTTON. Now, you have answered my question that I was refraining from asking you, but I didn't want to keep interrupting you. These other programs scattered all over the country, you are in touch with them and checking them constantly, because they are in a sense extensions, public or private extensions, of your institution?

Dr. FRISINA. Precisely.

Senator COTTON. Do you have any authority over them?

Suppose that you find that there is either a public school or a private institution somewhere that is not up to snuff; they are wasting the money and not really doing a dedicated job. What can you do about it?

Dr. **Frisina.** First, we do not have any legal authority. We have no program authority either, in the sense that there is no direct correlation between them. We do not have a common board of Governors or any such thing.

The way we can be of benefit to them is to develop techniques that are useful and then call these to their attention and share them with them. So, we have what we call an office of educational extension; the specific purpose of which is to provide programs with the results of developments that originate at NTID.

Senator **Cotton.** Do you find any that need spurring and bolstering up?

Dr. **Frisina.** I think it is fair to say that all of us in the profession of the education of the deaf, whether we are dealing with elementary, secondary, or postsecondary, are less than enchanted with our results. I think the spirit among us is to try to improve constantly.

Senator **Cotton.** They would not be in that work unless they had an element of dedication—"philanthrophic" is the word. It is the type of people that would be engaged in trying to help the deaf, like those who help the blind and other handicapped. They are people that would not be in that work if they didn't have a certain inner dedication to it, right?

Dr. **Frisina.** That is correct.

The kinds of things that we are trying to do to overcome the consequences of early profound deafness require a commitment. I think the word "commitment" is an essential ingredient for anyone that wants to do more than an exercise in rhetoric.

We know it is hard work. We know talking won't solve the problems. You just have to get in there and do some work.

Senator **Cotton.** Thank you.

CONSTRUCTION SCHEDULE

Dr. **Frisina.** Construction of the NTID facilities are scheduled for 85-percent completion at the end of fiscal year 1973 and total completion during the first half of fiscal year 1974. Construction began in the first quarter of fiscal year 1972 and reached 40 percent completion by the end of that year.

Also in fiscal year 1972, the planning phases of interior design were completed, and a budget for furnishings and movable equipment was developed which provided the background for a supplemental request in fiscal year 1973 of $1,915,000, and a request in fiscal year 1974 of $1.4 million.

SUMMARY OF REQUEST

The fiscal year 1974 appropriation request of $6,487,000 represents a decrease of $122,000 from fiscal year 1973. This results from an increase of $399,000 in operations and a decrease of $515,000 in construction and equipment. The increase in operations represents mandated increases for room, board, and instructional cost, funds to move to and occupy the new facilities, and funds for a salary increment for merit and cost of living. The construction and equipment appropriation is for furnishing and equipping the NTID facility scheduled for completion in the first half of fiscal year 1974.

A TECHNICAL EDUCATION

Senator COTTON. First let me get clear in my mind. I ask this question every year, and next year I will have to ask it again and make sure that I am correct.

The difference between your institution and others for the deaf is that your institution deals with technical training from early infancy and early childhood up until people are fitted for some work in life. Gallaudet gives a college education or something similar to it?

Dr. FRISINA. If I may, Mr. Chairman, I would suggest that there are some similarities, and there are some differences between the two institutions by way of their purposes. From the standpoint of the students themselves, we do not serve the same target population. The target population at Gallaudet is primarily one geared for a 4-year baccalaureate education in the liberal arts, the arts and sciences.

Our particular population—some of our students qualify for entrance into Gallaudet, but the preponderant group does not.

So, the range of skills, and achievements and attainments brought to the institute on the part of our students would be different. In other words, the majority of our students would not satisfy Gallaudet's requirements. So, putting the two institutions together, we are trying to provide postsecondary education for a broader range of students. So, we complement one another in this respect.

From the standpoint of programs the programs that are offered at NTID are basically vocational/technical education, and it is for a broader range of students.

VOCATIONS FOR THE DEAF

Senator COTTON. In some vocations the deaf have an advantage, don't they? I remember years ago, when I came down here a half century ago, I was working and going to law school. I had a job, and a Senator, a Democrat, came along and won, so I didn't have a job.

When I finished law school, we used to go over to the Government Printing Office in the cafeteria, where you could—believe it or not—buy a fairly nourishing meal in those days for 24 cents.

I was impressed by so many who were eating there who were talking sign language. I was told that they were the most valuable people that they could find for the concentrated effort of proofreading and that sort of thing, because their attention was so undivided.

Are there other vocations—I am not even suggesting that it is an advantage to be deaf. Are there other vocations to which they are peculiarly fitted to render service?

Dr. FRISINA. The issue that is fundamental to your observation is that because of their deafness they operate primarily through their eyes. Therefore, the extent to which noises might be distractions to hearing persons would not be the case with deaf persons?

I think the key issue is not so much to look for specific places that are better than others; but to reduce the mythology that the deaf cannot do many things that they have not been doing in the past.

Senator **Cotton**. That they do not normally associate with the deaf.

Dr. **Frisina**. If we were to ask if there are any kinds of employment circumstances that would preclude a person being hired because of deafness, we would be hard pressed to identify any, providing that the person was provided appropriate training and education to pursue them.

As an example, it is very likely that within 2 or 3 years from now, NTID alone will have produced more deaf engineers than had been produced in the entire history of the education of hearing and deaf people in this country.

There are certain areas in our training programs that have not been available in the past. In photography, for example—technical positions are now being made available to the deaf. This was not so before. I could enumerate other areas of that sort.

I think the basic point I am trying to make, Mr. Chairman, is that our major thrust is giving deaf persons many more opportunities than has been true in the past. They were clustered in the printing business in the past. Your observation was a good one and printing still remains a major source of employment for deaf people, a major source.

We are trying to get a better spread of choices to make it fairer for deaf people, and we are finding in our brief history that this is possible. We have programs in business technologies, visual communications technologies, electromechanical technologies and technical science. We are coming up with a greater spread of opportunities for deaf people.

PLACEMENT NETWORK

And, to date, as I suggested earlier, we have placed our students in 28 States. So, we are, in a sense, impacting in a greater variety of ways so far in employment.

Senator **Cotton**. I am not suggesting for one single minute that we do not recognize that this is a horrible handicap, to be inflicted with deafness. But, in many of these vocations the complete concentration that is forced upon them are not forced upon us—we are distracted—it makes them, perhaps, even quite valuable, not just proofreading and printing.

Dr. **Frisina**. In our actual placement work, we are making distinct provisions for prospective employers to appreciate the fact that their attendance records, their safety records, their attention, concentration, and performance on the job, equals or exceed that of many hearing people. So, these are valuable assets.

SECOND SUPPLEMENTAL REQUEST FOR FISCAL YEAR 1973

Senator **Cotton**. It appears certain you will get $1,915,000 in the second supplemental bill, which is now pending before the Senate and reported out of the commitee. That amount, I think, would be a certainty. I cannot think of anybody in this Senate not being for that. Is it safe to assume that we can reduce your 1974 request by that amount.

Dr. **Frisina**. That was the process by which we entered the fiscal year 1973 supplemental. It was strictly a shift from fiscal year 1974.

Senator COTTON. It would be a refund so you could continue with your work and not be victimized by the fact that we had two vetoes and a continued resolution on 1972 and so on.

Dr. FRISINA. The fiscal year 1974 request before you already shows a subtraction of $1.9 million. So we need only what we are asking for in the 1974 budget. We have already made the reduction.

Senator COTTON. You have cut that out already.

Mr. MILLER. Yes.

Senator COTTON. All right. I am glad that you made that clear. The request in 1974 reflects that reduction?

Dr. FRISINA. Yes.

ENROLLMENT

Senator COTTON. Are you able to take in all the people that sign up, or is there a backlog of those that want to get in? I mean in your enrollment.

Dr. FRISINA. Because construction is not available to us, we are taking advantage of space the host institution has available. We do have a small waiting list, which we hope after construction will not pose a problem for us.

FACILITIES

Senator COTTON. Is this construction at Rochester?

Dr. FRISINA. Right on the campus of Rochester Institute of Technology.

Senator COTTON. An enlargement of your facilities?

Dr. FRISINA. An enlargement of the institution's facilities, yes.

Senator COTTON. Of course, the policy for various reasons in the past few years has been anticonstruction. We have not exercised it on you as drastically as on other people, but it has slowed up construction. You are about the sole exception, I am informed.

When do you anticipate this to be completed?

Dr. FRISINA. The first half of fiscal year 1974. We are 3 months ahead of schedule. That was the basic reason for the fiscal year 1973 supplemental request for equipment. We anticipate that roughly a third of the construction will be available for us in the latter part of September. The remaining two-thirds will be available in November.

Senator COTTON. You are coupling construction and equipment together in this request?

Dr. FRISINA. Yes, sir.

Senator COTTON. And your request for 1974 is $1.4 million. Now, that is on top of anything that you have gotten in supplementals?

Dr. FRISINA. Yes, sir.

Mr. MILLER. That is the amount of equipment money we are requesting in 1974.

Senator COTTON. Is this all equipment?

Mr. MILLER. We are requesting $1.9 for equipment in the 1973 supplemental.

Senator COTTON. The construction will be all completed.

Dr. FRISINA. The moneys for construction have already been appropriated in previous years, yes, sir.

Mr. MILLER. There will be a further request for equipment in 1975.

Dr. FRISINA. Yes.

JOB PLACEMENT SUCCESS

Senator **Cotton**. How is your job placement service going? Are you having problems because of the overall employment situation? What is your success rate, briefly?

Dr. **Frisina**. We graduate our students on a four-quarter basis. We operate year around and through the winter quarter our success rate for placement was 96 percent. We are not having problems getting jobs.

We are exercising a great amount of energy in this area. But, given the proper amount of work, jobs are available because of the very special training that these people have.

We do not foresee any exceptional problems in placing properly educated persons. We are very encouraged by this.

Senator **Cotton**. This 96 percent, is that better than your record was last year?

Dr. **Frisina**. We have always done pretty well. It is about the same. That is a cumulative figure.

TOTAL ANNUAL COST PER STUDENT

Senator **Cotton**. Now, the annual costs per student, this question comes up every year; so I assume you have the figures handy. What is the total annual cost for each student at the institute?

Dr. **Frisina**. It depends on how you want to slice the costs. If you take total obligations, the annual costs for fiscal 1974 including nonrecurring costs is $11,500.

Senator **Cotton**. Per student?

Dr. **Frisina**. Per student. That is everything. Remember, it is a multipurpose residential institution. We can talk about research; we can talk about training; we can talk about instructional costs. There are many ways of doing this.

TITLE III FUNDS FOR EQUIPMENT

Senator **Cotton**. Now, I have an axe to grind. In fact, ever since I have been on this committee—and it is a long, long time—I have been in constant war with the department and with the Bureau of the Budget and with each administration, Democrat and Republican, fighting over the so-called title III funds in the National Defense Education Act.

Title III funds are designed for equipment and mechanical aids in education, and I work my blood pressure up every year, because no Secretary of HEW, or no budget officer, no President of the United States has ever been able to answer my question as to why those funds are cut out when they are matched by local funds, and they insist on using title I funds in the elementary and secondary education funds where the Federal Government pays it all.

Now, if those funds were restored—of course, in your case, I do not know how you would get matching funds. Where do you get your equipment and new equipment that you need, mechanical devices that you need, as new fields and innovations open up in aiding the deaf?

SOURCE OF FUNDS

Dr. **Frisina**. Let me begin by saying the Rochester Institute of Technology has an agreement with the Department of Health, Education, and Welfare relative to funding.

This institution has two sources of funds. One is direct appropriations from Congress, and the second is the charges that are made to students. In this fiscal year 1974, as an example, we will receive from students $739,000, which is included in our obligations figure and reduces the direct appropriation by that amount.

These particular students do receive support. 92 percent of our students do receive some support from State vocational rehabilitation funds. The source of those funds for the State, as you are well aware, would be 80 percent Federal, matched by 20 percent State, and so, because these are deaf youngsters, the laws do include support for their education, primarily on the basis that it relates somehow to eventual employment and removal from any welfare or dependency roles.

NEED FOR MECHANICAL AIDS IN THE NATION

Senator **Cotton**. Your institution at Rochester does not particularly need access to the funds such as I am talking about. Scattered all over this country—you have just testified—in public schools and private institutions, work is going on, preparing and training the deaf in the earlier years, and you are in touch with them. Eventually, many of them reach your institution; some do not.

Now, the States, particularly the public schools, do they not need devices, and various mechanical aids?

Dr. **Frisina**. Absolutely. If we are talking about educational attainments for deaf youngsters that are comparable to what you hope for in the case of hearing youngsters. But the situation is absolutely different when the costs have to do with such factors as hearing aids, movie projectors, television, anything that will visualize education. These are the modern technologies and are absolutely essential.

Senator **Cotton**. That is exactly the sort of thing that these title III funds in the National Defense Education Act were designed for, except they were designed for all schools. And, they come in and try to tell us every year that it is not a continuing cost. They have gotten all of their equipment, so they do not need it. They can discontinue that program.

That is simply not true. It is not in my State, because the superintendents of schools and the principals of schools in my State are constantly seeking to replace worn-out equipment and secure new equipment. Would that be true in your case?

Dr. **Frisina**. It is absolutely essential. The fact that these youngsters are behind educationally; the fact that we have new technology on the market; the fact that we are trying to overcome a lot of weaknesses makes it absolutely essential. You cannot do business the same if two clients are different.

Senator **Cotton**. Of course, as a lawyer—as Perry Mason would say, "I am not leading you or putting words in your mouth," but what I want to get you to say in the presence here of my friend, Mr. Miller, who has lived with this—but what I want to get you to say is not in Rochester.

Dr. **Frisina**. I wish you would include Rochester in your considerations, because these are deaf youngsters, and it is no less true there than it is across the States.

Senator **Cotton**. But in Rochester you would not have anybody to put in the 50 percent. You would have to get that from us. That would be a Federal 100 percent matter.

Dr. **Frisina**. I am making the happy assumption that this will continue. What I am suggesting is that without congressional support, Rochester could not stay in business.

Senator **Cotton**. To try to be fair on this thing, I can understand that funds necessary for Rochester could well come from title I funds of the Elementary and Secondary Education Act which requires no matching; it is all Federal funds. It doesn't make any difference what pocket you take it from. You have to get your equipment from Federal funds.

But, throughout the country, where work is being in public schools and in private schools, parochial schools, all kinds of schools, and where the States and subdivisions could produce 50 percent, these funds would be very helpful; would they not?

Dr. **Frisina**. Absolutely.

LEVEL OF EDUCATION

Senator **Cotton**. You say in your statement on page 2, about the middle of the page, that,

> in spite of some 12 years of specialized schooling, necessitated by their deafness, their average academic achievement levels upon arrival at NTID approach that of an elementary school graduate.

I suppose that is due to the fact that their training in many cases is by semiexperts; is that right? You cannot have the same degree of skill in teaching the deaf in all of the schools in the country, scattered across the country. You cannot have the same degree of competence. It is nobody's fault, but you just cannot expect to have the same level that you have in your specialized community, is that right?

Dr. **Frisina**. There are differences in outcomes depending upon resources and circumstances on the part of many people. The purpose of that statement, or the validity of that statement, in the opening statement to which you refer, includes two factors that I would want to respond to.

Number one, deafness. Of the students that come to NTID, 97 percent have sustained their deafness within the first 3 years of life. It is a profound deafness. What we are emphasizing is that deafness is a profound educational handicap, under the best of circumstances. The communication world is moving so fast.

Senator **Cotton**. If they have had 12 years and come in trained up to the seventh and eight grade, they have done awfully well.

Dr. **Frisina**. We applaud those efforts. That is right.

TARGET POPULATION

Looking back, I want to be completely candid and therefore this second factor relates to the mission of NTID and the target population it serves. We are not skimming off the top of the applications. It is not to suggest that the average person does this or that, or that this is the average outcome of a program across the State. No. we are saying number one, that if we are asking for *x* amount of dollars per student, consider the fact that we ask for the dollar amount that is related to the very fact that we are taking youngsters that are tremendously complicated, educational problems. That reflects on the cost factors.

Senator COTTON. A fairly high-cost student.

Dr. FRISINA. This statement is not meant to denigrate the outcome of the schools; it is simply living up to the target population that we are supposed to serve. I hope that will enhance the understanding of the needed facilities and the staff that we develop, and the equipment and everything else that is required.

In other words, if you want a job done, these are the things you will have to do to get it done, because you are dealing with some very difficult educational problems.

Senator COTTON. Thank you very much.

Now, we have scheduled for today, in addition to what we have heard, Gallaudet, which has two parts, Gallaudet College and the model Secondary School for the Deaf, which is on the campus, and I would expect we would have quite a number of questions, and a number of subjects to cover; and Howard University.

Now, due to my being a captive prisoner down at the White House, at the leadership meeting, it is my fault that you people have been waiting all morning. We certainly could not, if we started in on Gallaudet now, we could not finish it at 12:30, and I am very sorry for this, but I think, perhaps, if you are willing, if you will be so kind, that we will come back in at 2:30.

[Discussion off the record:]

JUSTIFICATION

The justifications for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

For carrying out the National Technical Institute for the Deaf Act (20 U.S.C. 681, et seq.), [$4,694,000] *$6,487,000, of which $1,400,000 shall be for construction and shall remain available until expended.*[1]

Explanation of Language Change

[1] New language has been added since funds for construction are being requested in 1974.

Amounts Available for Obligation

	FY73	FY74
Appropriation..................	$ 6,609,000	$ 6,487,000
Receipts and reimbursements from non-Federal sources.....	647,000	739,000
Unobligated balance, start of year.....................	---	---
Total Obligations....	$ 7,256,000	$ 7,226,000

Obligations by Activity

	1973 Estimate		1974 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. OPERATIONS:						
a) Technical Education	109	$3,116,000	109	$3,443,000	---	+ $327,000
b) Personal and Social Development	25	1,294,000	25	1,409,000	---	+ 115,000
c) Communication Skills Development	23	602,000	23	668,000	---	+ 66,000
d) Administration	8	329,000	8	306,000	---	- 23,000
2. CONSTRUCTION:						
a) Furnishings and Movable Equipment	---	1,915,000	---	1,400,000	---	- 515,000
	165	$7,256,000	165	$7,226,000	---	- $ 30,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Grants, subsidies, and contributions	$ 7,256,000	$ 7,226,000	- $ 30,000

Summary of Changes

1973 Estimated Obligations	$ 7,256,000
1974 Estimated Obligations	7,226,000
Net change	- $ 30,000

	1973 Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increase				
A. Built-in:				
1. Salary increment	---	---	---	+ $ 136,000
2. Annualization of FY73 Salaries	---	---	---	+ 24,000
3. Staff Benefits	---	$ 306,000		+ 25,000
4. Tuition, Room, and Board	---	1,000,000	---	+ 62,000
Subtotal, Built-in Increases	---	---	---	+ $ 247,000
B. Program:				
1. Rent, Communication, Utilities, and Other Services	---	$ 980,615		+ $ 212,000
2. Supplies and Materials	---	226,000		+ 26,000
Subtotal, Program Increases	---	---		+ $ 238,000
Total Increases	---	---		+ $ 485,000
Decrease				
Program:				
Furnishings and Movable Equipment	---	$1,915,000		- $ 515,000
Total Decreases				- $ 515,000
Total Net Change				- $ 30,000

Explanation of Changes

Built-in Increases:

1. The $136,000 increase will be necessary for regular annual merit and cost of living increases for faculty and staff.
2. The $24,000 increase will be required for the annualization of salaries of those employees hired after the start of the last fiscal year.
3. The $25,000 is required to provide the additional staff benefits necessitated by the above salary increases increments and annualizations.
4. The $62,000 is requested for increases in tuition ($27,000); room ($26,000); and board ($9,000).

Program Increases:

1. The $212,000 is requested to cover the cost of occupying and maintaining the new NTID complex . Included herein is a $53,000 decrease for overhead charges which will not be incurred because of the move into the new facilities.
2. The $26,000 is requested for additional office and instructional supplies and materials.

Program Decreases:

The $515,000 decrease is to complete the furnishings and equipping of the new NTID facilities.

AUTHORIZING LEGISLATION

	1974	
Legislation	Authorized	Appropriation Requested
National Technical Institute for the Deaf Act	Indefinite	$ 6,487,000

Authorization of Appropriations

Sec. 2 For the purpose of providing a residential facility for post-secondary technical training and education for persons who are deaf in order to prepare them for successful employment, there are authorized to be appropriated for each fiscal year such sums as may be necessary for the establishment and operation, including construction and equipment, of a National Technical Institute for the Deaf, including sums necessary for the acquisition of property, both real and personal, and for the construction of buildings and other facilities for such Institute.

(20. U.S.C. 681) Enacted June 8, 1965, P.L. 89-36, Sec. 2, 79 Stat. 125.

Table on Estimates and Appropriatons

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1966	$ 420,000	$ 420,000	$ 420,000	$ 420,00
1967	491,000	491,000	491,000	491,000
1968	2,615,000	2,615,000	2,615,000	2,615,000
1969	800,000	800,000	800,000	800,000
1970	2,851,000	2,851,000	2,851,000	2,851,000
1971	25,444,000	25,444,000	25,444,000	25,444,000
1972	7,619,000	7,619,000	7,619,000	7,619,000
1973	4,694,000			
1973 Proposed Supplemental	1,915,000			
1974	6,487,000			

Justification

	1973 Estimate		1974 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..........	165	$ 2,713,000	165	$ 2,898,000	---	+ $ 185,000
Other expenses..........	---	4,543,000	---	4,328,000	---	- 215,000
	165	$ 7,256,000	165	$ 7,226,000	---	- $ 30,000

GENERAL STATEMENT

The National Technical Institute for the Deaf (NTID) was created because history showed that employment of deaf people was characterized by unemployment, underemployment, and job frustration and that there was a clear need for such an institute to serve three fundamental purposes: (1) preparing deaf citizens for direct technical employment and for full participation in community living; (2) training professional personnel to serve the deaf nationally; and (3) influencing education, training, and career placement of deaf citizens through applied research.

In FY74 NTID enters the sixth year of its interim program. In FY69 a pilot group of 70 deaf students entered NTID. In the following year 293 deaf students and students in professional devleopment were served; 395 were served in FY71; and 431 in FY72. For both FY73 and FY74, 503 are projected, 473 will be deaf students and 30 students in professional development.

An obligation level of $5,826,000 is requested for FY74 operational costs. This obligation level will allow NTID to continue serving the same number of students served in FY73 and to continue moving toward full operational status. It does not allow for continued program growth in terms of increased services delivered. However, NTID will be able to move into and occupy its newly completed facilities.

The decrease of $30,000 over the FY73 obligation level constitutes a decrease of $515,000 in construction and an increase of $485,000 in operations. Construction funds have been obligated and actual construction of the NTID facilities is proceeding on schedule.

Since FY69, NTID has demonstrated a variety of ways of helping deaf students become increasingly independent persons, contributing to their communities and earning taxable incomes. For instance, since 1968 approximately 700 individual deaf students from 46 states and territories have been served at NTID. Of that number, approximately 300 have graduated or withdrawn. Virtually all of the graduates and approximately half of those withdrawn have been or are being placed in jobs (including housewives) or continued their education elsewhere. The remainder left NTID for reasons which were considered to be in their best interests (e.g., changes in career interests and personal adjustment). Only 2% of the students served at NTID have "dropped out."

The post-secondary students who come to NTID enter with achievement levels as low as 8th grade. Unique educational and training methods are used as they pursue certificate, diploma, associate, and degree programs. Through the Rochester Institute of Technology, the sponsoring institution for NTID, deaf students may pursue degree programs with NTID providing support services to them. NTID is thus able to provide a wide range of educational opportunities and to investigate methods by which a primarily hearing institution can accommodate a large number of deaf students within its regular programs.

NTID also seeks new solutions to the intensity and reality of the personal and social needs of its students. Students coming to NTID seldom are prepared to select careers. Their general knowledge of the world around them, particularly with regard to work, is usually sketchy and extremely limited. To treat this problem, changes from traditional methods of education and training are mandated. For example, NTID students are provided training on a 12-month basis, including cooperative work experience. They begin their academic work during the summer of their entering year, at which time they are exposed to a variety of career opportunities and are aided by courses and counseling in making decisions. A pioneering system for monitoring student progress continues under development and will assist NTID to have on call, from a comprehensive data base, the necessary information for counselling and advising each student enrolled.

By focusing on development of technical, personal, social and communication skills NTID is assisting those deaf young people who would have little chance of entering post-secondary experiences elsewhere to gain the technical and social competencies essential for satisfying and rewarding careers.

Operations

	1973 Estimate		1974 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel Compensation and benefits..........	165	$ 2,713,000	165	$ 2,898,000	---	+ $ 185,000
Other Expenses..........	---	2,628,000	---	2,928,000	---	+ 300,000
TOTAL..............	165	$ 5,341,000	165	$ 5,826,000	---	+ $ 485,000
Subactivities:						
1. Technical Education.	109	$ 3,116,000	109	$ 3,443,000	---	+ $ 327,000
2. Personal and Social Development.......	25	1,294,000	25	1,409,000	---	+ 115,000
3. Communication Skills Development.......	23	602,000	23	668,000	---	+ 66,000
4. Administration......	8	329,000	8	306,000	---	- 23,000
Subtotal...........	165	$ 5,341,000	165	$ 5,826,000	---	+ $ 485,000

Technical Education

NTID's activities in Technical Education will include teaching and modifying technical programs in English, Science, Mathematics, Business, Engineering, Applied Arts, Printing, and Photography; the review and development of curricula for future implementation; the investigation of methods of educational technology, including computer systems instruction and multi-media presentations; and provision of the required support services for students taking instruction with hearing students.

A very important aspect of developing and providing technical education is the review of the current and projected job market and the skills which will be required in that market. Prospective employers and employers of graduates of NTID Programs will be interviewed in an effort to modify NTID's existing and developing curricula.

Since NTID students have varying levels of goals and abilities, NTID has implemented and will maintain a comprehensive set of technical curricula for training technicians and semi-professionals. NTID will also use curricula established in the colleges of the Rochester Institute of Technology for training deaf students as professionals, in which case special educational support services will be provided to help students overcome educational problems. Thus NTID, with all of RIT will continue to focus on the problems of absorbing a large number of deaf students into a regular higher educational community.

There is a dearth of personnel with the necessary capabilities to work effectively with deaf students in technical fields. Many of these fields will be available to both deaf and hearing people through the programs of NTID.

Personal and Social Development

Severely deaf young people often show levels of personal and social development below those of hearing people of the same age. Because of their deafness they often have not had a normal socialization process. As a group they also show weaknesses in general knowledge. Both factors can result in actions which lead them to be labeled immature, irresponsible and unprepared for work or normal social activities; and this has the effect of adding to career and social discrimination. Evidence of these weaknesses is seen in the ways they relate with each other, their lack of ability to accept responsibility for their own actions, their avoiding to seek out responsibility, and their lack of demonstrative leadership when they come to NTID. Their basic understanding of personal finance, human sexuality, cause-effect relationships, basic mental and social needs of the individual, and other personal and social qualities are often lacking or poorly developed.

NTID will maintain programs in personal and social development to help its students and other deaf groups to improve their personal and social skills necessary to become successful members of the nation's work force and contributing members of their communities.

Qualified people with the necessary ability to help post-secondary deaf students and other deaf groups to improve their personal and social abilities are not readily available. These staff must be trained in the setting of NTID. Research will also be undertaken to help determine the right programs to help deaf students to adjust to the post-secondary educational environment and to enhance their chances for contributing to society as independent citizens.

Communication Skills Development

The inability to communicate freely often results from deafness and manifests itself in limitations in the use of speech, speech reading, listening and language. NTID will seek to reverse this situation for its students by helping them develop the strength in communication skills necessary for job success and community activities. NTID will do this both by giving students special communication support and by developing new ways to train students in communication skills.

Administration

The uniqueness of NTID is characterized in the Act which established NTID and RIT's Agreement with DHEW for creating NTID.

NTID's relationship as an integral part of RIT and at the same time functioning as a federally financed agency makes the administrative operations unique. Planning, budgeting, and accounting procedures for NTID must agree with both the standard accounting practices for private institutions of higher learning and the requirements of the Department of Health, Education, and Welfare. NTID is regulated by Statute (Public Law 89-36).

It is clear that NTID has a need for good planning including designing of plans of work, implementing them, and evaluating their effectiveness in achieving their objectives. To achieve this, NTID will continue to require a concentrated management effort.

Construction

	1973 Estimate Amount	1974 Estimate Amount	Increase or Decrease Amount
Furnishings and movable equipment...............	$1,915,000	$1,400,000	- $ 515,000

Actual construction of NTID facilities began in July, 1971 (FY72). By the end of FY72 construction reached approximately 40% completion. By the end of the current fiscal year (FY73), the 85% mark is expected, with final completion scheduled for January, 1974 (FY74).

A total amount of $3,315,000 for furnishings and movable equipment for these new facilities is requested in two fiscal years; $1,915,000 is requested in FY73, and $1,400,000 in FY74. This amount will be expended as follows:

Audio-Visual Equipment	$ 612,000
Dormitory, Dining and Academic Furnishings	1,298,000
Teaching Laboratories, Shop and Studio Equipment	1,084,000
Hearing and Speech Equipment	321,000
TOTAL:	$ 3,315,000

Audio-Visual Equipment

Classrooms in the new facility will have hearing aid units which will assist some students in hearing the amplified voice of an instructor or amplified sound coming from any one of a number of pieces of instructional equipment such as a 16mm movie projector or a tape recorder.

A new system of signalling and emergency warning that uses a strobe light is being installed throughout the facility. The lights are high intensity, but flash for momentary duration and can be used to awaken students in case of fire or other emergency. It can be used as a "doorbell" or an attention-getting device in the classrooms. This system, developed especially for NTID, is now being purchased by institutions and agencies serving the deaf in other parts of the country.

Use will be made of closed circuit television (CCTV) and computer assisted instruction (CAI) in these facilities. This is an attempt to bring a powerful form of new education and training to students and hopefully to compress the student's learning time, and increase the quality of learning. Equipment will be placed in each of fifteen study room locations in the dormitory as well as in the academic building.

Dormitory, Dining and Academic Furnishings

Furnishings for student rooms in the dormitory will be modular in accordance with a building-block concept. The dimensions for all furnishings will be coordinated so that the student himself will be able to arrange his room according to his own needs and interests. Students, faculty and staff, and several officials from HEW have seen a full-scale model of this furniture in a prototype dormitory room on the campus. Reactions have been extremely positive.

In the dining area, round tables rather than the traditional square and rectangular tables will be used to improve sight lines and thus promote communication among students, faculty and staff in dining situations. Tables at which more than one deaf person sits on a side hinders communication and sometimes stifles it completely.

A systems furnishing approach has been used for office furniture which allows flexibility for future changes, a lower inventory of equipment, and the economic advantages of bidding a single package of one type of furniture.

Teaching Laboratories, Shop and Studio Equipment

Since a fundamental purpose of NTID is to prepare young deaf people for employment, laboratories, shops and studios are designed to replicate the work environment. Since NTID students will be confronted with a variety of equipment and situations in the world of work, laboratories, shops and studios in which these students are trained must be highly flexible. This should also increase both the lateral and vertical mobility of NTID graduates on the job and prevent early obsolescence.

For example, this is achieved in the machine shop by combining traditional, non-traditional and production machines in one shop. This will promote more efficient use of the faculty and also give the student experience with a wide variety of machines -- experience he would most likely not receive until he had been on the job for some time.

The electromechanical lab will contain electronic, electrical, and mechanical items of equipment which enable students to grasp a "systems look" at electromechanics rather than the traditional narrow view.

The equipment for the chemistry laboratory will be such that general chemistry, quantitative analysis, and qualitative analysis can all be conducted in the same lab. Students will also have computer access from this as well as the biology and physics labs and be able to work in groups or to receive individualized instruction.

Hearing and Speech Equipment

A new speech therapy console has been developed which combines into one location a variety of devices with which a speech pathologist can help a deaf student work on a host of different speech parameters. Specialized equipment and carrels will also be purchased in order to conduct hearing and speech therapy in a self-instructional mode.

A system of audio and visual equipment will be used in teaching lipreading and auditory training. This equipment will generate and present a variety of speech and environmental sounds to deaf students through individually controlled amplifiers. This equipment will enable deaf students to improve their skills for discriminating speech and environmental sounds.

Program Purpose and Accomplishment
(Dollars in Thousands)

Activity: Operations (National Technical Institute for the Deaf; Public Law 89-36)

1973			1974	
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
165	$ 4,694	Indefinite	165	$ 5,087

Purpose: The National Technical Institute for the Deaf (NTID) began with the passage of Public Law 89-36 in 1965. Its location at the Rochester Institute of Technology (RIT) was to serve three fundamental purposes: 1) preparing deaf citizens for direct technical employment and for full participation in community living; 2) training professional personnel to serve the deaf nationally; and 3) influencing education, training and career placement of deaf citizens through applied research.

Explanation: When NTID was established, research on the history of employment of deaf people clearly showed that the deaf population of the United States was characterized by unemployment, underemployment and job frustration. NTID was planned to be an important agent to solve this problem by providing young deaf people with technical, social, personal and communication skills required for their serving as productive rather than dependent citizens of society; to train professional manpower needed to provide these skills to an even larger number of deaf people of all ages; to gather vital data about satisfying educational, social and economic needs of deaf people; and to be an example of how the needs of the deaf and other groups of people deprived for a long time can be served within an institution of higher learning that before had not been directly involved with these groups.

Accomplishments in 1972: NTID developed systematic processes for planning, executing and evaluating activities. A curriculum development process evolved that related education and training to the practical realities of employment and living in a modern world. All existing curricula were analyzed to verify that they satisfied the development criteria. Practical realities were arrived at with assistance of representatives from business and industry who served on the analysis committees. Innovative results included new instruction techniques and methods. By the end of FY72, 90% of those graduating and desiring employment had jobs awaiting them; the remaining 10% were placed shortly after graduation.

Several experiments in allowing NTID students to govern themselves were successful. The basic efforts in counseling were aimed at tying together personal, social, academic and vocational counseling efforts in a way that focused all counseling on preparing the student for getting a job and developing a career.

Approximately 50,000 hours were provided to NTID students helping them to develop communication skills needed for specific employment possibilities and for community living.

NTID continued to train other persons to be more receptive to all deaf persons and to NTID students in particular. Hearing faculty and students were trained to communicate with deaf people. During FY72 18 hearing students were trained to be interpreters for deaf students and served NTID throughout the academic year. Also, six professional persons held NTID internships in counseling, curriculum development and research. When trainees left NTID, they entered employment with experience and understanding of deaf persons, adding to the possibility that their organizations will be more open to deaf people, both as clients and employees.

A formalized set of long-range planning procedures was developed. Future expansion and the use of sophisticated techniques of operations research were major considerations. Research focused on services related to career development, curriculum development, socialization, communications, student characteristics and student evaluation.

The planning, construction and interior layout design of NTID's buildings proceeded on schedule.

Objectives for 1973: All NTID curricula are being analyzed by use of the curriculum development model created in FY72, including curricula for improving personal, social and communication skills for employment and better community living. NTID continues exploring new teaching techniques and discovering how well they work.

Several living settings and self-governance activities for students are being investigated systematically in FY73 so NTID can make definite plans for the best educational use of residence halls.

NTID is designing, using, and testing new equipment and ways of developing oral, hearing and manual communication skills. Modification of telephones and other communication devices requiring hearing are being researched with NTID students, specifically toward making deaf students more independent.

Based upon NTID's progress with long-range planning methods in FY72, new operations research techniques are being evaluated and implemented as their use in NTID continues to promote systems analysis and operations research in planning.

Training programs involve all new professional and general staff of NTID; a group of 15 hearing students to become interpreters; 10 interns in counseling, research, and speech pathology and audiology for the deaf.

1974 Planning Objectives:

1. To provide technical, social, personal and communication skills for all deaf students enrolled.

   Faculty and staff will remain at the same total number as in FY73 to provide the same level of instruction, support services and program management. The number of students served will remain the same as for the previous fiscal year.

2. To train a full-time equivalent of 30 faculty and staff and other professional people to work with deaf people.

   Though faculty and staff will remain at the same level, new professionals to NTID will be added because of attrition. Programs in developing their manual communication and their understanding of the NTID educational system and the needs of deaf students will be provided.

   In addition, hearing students of RIT will be trained as part-time interpreters through a student interpreter program; and other professionals, training to serve the deaf in other institutions, will be given opportunities to train in internship programs.

3. To gather and collate into usable form vital data about the social, educational and economic needs of deaf students at NTID.

   NTID's Student Programming and Progress Evaluation System (SPPES) will continue to be developed.

4. To continue to show how the education of deaf people can be enhanced within a primarily hearing community of higher education.

   Construction of NTID's unique buildings as integral parts of the Rochester Institute of Technology will be monitored through 100% completion by January 21, 1974. In addition, the selection, purchasing, installation, functional check-out and documentation of equipment and furnishings for the new buildings will be carried out.

5. To carry on active applied research in all phases of NTID's operation directed toward improving economic assimilation of deaf citizens.

   Research questions suggested by work in preceding fiscal years will be worked on as other projects are completed. Research findings and program developments will be circulated to educators and employers of the deaf to continue to improve the socio-economic status of deaf people.

Activity: Operations - Technical Education (National Technical Institute for the Deaf; Public Law 89-36)

1973			1974	
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
109	$ 3,116	Indefinite	109	$ 3,443

Purpose: NTID's Technical Education programs are designed to provide post-secondary deaf students with opportunities to prepare for and pursue successful careers as technicians, semi-professionals, or professionals in science, technology, and applied art, making it possible for them to be independent members of society.

Explanation: Research and experience show that most employed deaf workers historically have been concentrated in semi-skilled and unskilled manual occupations; that wages of deaf people have been far below those of people without hearing handicaps; that the employment rate for the young deaf adult has been much lower than the overall U.S. employment rate; that opportunities of deaf employees to move up in their jobs or find other similar employment have been limited; and only rarely were deaf people trained to be professionals. In general, deaf people have not gotten jobs that are interesting, motivating or that hold a bright future. To reverse this situation, career-oriented educational and job placement programs are being systematically developed by NTID to overcome the problems of its deaf clientele in a way that meets the needs of potential employers and that will get deaf people on the payrolls.

Since NTID's deaf clientele have varying levels of goals and abilities, NTID manages a comprehensive set of technical curricula for training technicians and semi-professionals; and uses curriccula established in the several colleges of Rochester Institute of Technology for training deaf students as professionals, in which case special educational support services are provided to help them overcome educational problems. Thus NTID focuses on the problems of integrating a large number of deaf students into an institution of higher learning designed primarily for hearing students.

In addition there is a lack of teachers to work with deaf students in technical fields and NTID makes this possibility available to both hearing and deaf people. Also research is vital to determine which curricula are best for solving student problems, adjusting to changing employment markets and for measuring their relative effectiveness and efficiency.

Accomplishments FY72: 393 deaf students were provided opportunities to prepare for and pursue technical education through the 32 programs within the Division of Technical Education of NTID or in the several advanced study programs available in cooperation with the other colleges of RIT. Within the 393, were 51 who participated in cooperative work placement and 73 who graduated.

A program in electromechanical technology was offered to deaf students for the first time during this past year; new technical curriculum in surveying has been under development; plans for expansion of the NTID Applied Arts curriculum is underway.

Curricula were developed in math, physics and biology on the concepts of individual instruction and self-paced learning. A new concept of English instruction was also introduced. English is essential for success in all technologies and is now being related to students' career interests.

All students who took courses in the several colleges of RIT were provided educational support services; including interpreting, notetaking, tutoring, and special academic advisement.

Objectives for 1973: Opportunities are being provided for 473 deaf students to prepare for or continue in specific technical education programs. Of these, approximately 58 will work in cooperative jobs and 83 will graduate and go into employment.

All NTID curricula are being analyzed by use of the curriculum development process model developed in FY72. The analysis will seek to evaluate the jobs and skills related to the career programs of NTID; to verify the objectives of all curricula and the instructional approaches used; to design and use an evaluation plan for all NTID curricula; and to design and use procedures to keep curricula up to date with the needs of employers.

NTID will continue exploring new teaching techniques and evaluating their effectiveness. By concentrating on computer assisted instruction and using the unique capabilities of television, films, and other media, NTID will attempt to reduce the learning time toward mastery of technical skills for all deaf students.

Since successful job placement is one of the primary goals of NTID, during FY73 placement objectives emphasize continued development of a nationwide network for placing students. This network includes ways for placing students in cooperative jobs, ways for getting successful job placement for NTID graduates and further developing ways to keep track of job experiences. The placement emphasis focuses on research on those things, including teaching methods, that influence the career choices of NTID students as well as their impact on the success and satisfaction of students in employment.

1974 Planning Objectives:

1. To make it possible for deaf students to obtain paraprofessional, semi-professional and professional employment by developing the necessary technical skills.

   The number of students in technical programs will remain the same as for FY73. New programs begun in FY73 will continue developing in FY74.

2. To reduce the time required to achieve necessary levels of skill.

   NTID will continue to measure the efficiency and effectiveness of different teaching approaches and how they affect the time required for learning and the skill levels attained. In addition to materials developed in NTID, commercial films, slides and printed material will be evaluated for their usefulness.

   Various telecommunication tools will be evaluated for possible use as instructional devices; particularly the picture telephone will be evaluated for use as a link with an instructional computer.

3. To evaluate in detail the curricula for training medical records technicians and medical laboratory technicians with respect to NTID's curriculum model.

   Current trends and needs of job markets will be evaluated, analyzed and compared with skills being taught in each of NTID's technical curricula.

4. To gather and collate into usable form, vital data on student programs and progress.

   NTID continues developing a student programming, advising and evaluation system that includes automated collection and processing of vital program data. Two phases of this Student Programming and Program Evaluation System, SPPES, will be ready in FY74: degree auditing and student follow-up.

5. All students who desire employment and who have the necessary skills will be placed in jobs; at least 80% of those seeking employment will be placed within one month of graduation; the remaining 20% will be placed within three months of graduation.

   To achieve this objective, a system of career development will be assembled to coordinate all aspects of the function of selecting a career. This will involve the Summer Vestibule program, career selection, program sampling, vocational counseling and placement. The elements currently exist within NTID, but will be organized and coordinated to minimize lost effort.

Another aspect of achieving this goal will be the continued collection of data on student performance in jobs after they leave NTID. This activity is increasingly important as the first large graduating classes leave NTID for jobs.

6. At least 80% of students ready for work-study programs will be placed in cooperative jobs.

   This objective assists both objective 1 and objective 5. Through on-the-job experience students will be able to make their places of work become laboratories where they can apply their newly-gained technical skills.

7. Specific job requirements for those curricula in advanced education from which NTID students will graduate, will be established.

   This objective is essential to evaluation of student progress and to assist them in career selection and program choices.

8. The number of employer contacts will increase by 10%.

   Increasing numbers of contacts is essential to inform employers of the technical skills NTID students have. Since deaf people traditionally have been excluded from the areas for which NTID students are being trained, this is basic to opening these job markets to the deaf.

9. To make use of new facilities for supporting the educational objectives of technical programs.

   During the second half of the fiscal year all classrooms and laboratories and new equipment will be tested and evaluated as operations move into NTID's new buildings.

   The capabilities for technical education in the Experimental Educational Theatre, including set design, lighting, costume design and other technical theater technologies and crafts will be evaluated.

Activity: Operations - Personal and Social Development (National Technical Institute for the Deaf; Public Law 89-36)

1973			1974	
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
25	$ 1,294	Indefinite	25	$ 1,409

Purpose: NTID programs for personal and social development are designed to help young deaf people develop personal and social skills that are necessary to their becoming successful members of the nation's work force and contributing members of their communities.

Explanation: Severely deaf young people usually show levels of personal and social development below those of hearing people the same age. Because of their deafness, they often have not had a normal socialization process. They also show weaknesses in general knowledge. Both factors can result in actions which lead them to be labeled immature, irresponsible and unprepared for work or normal social activities. This has the effect of adding to career and social discrimination. Evidence of their weaknesses is seen in the ways they relate with each other, in their lack of ability to accept responsibility for their own actions, in their avoiding to seek out responsibility and in their lack of demonstrated leadership. Basic understanding of personal finance, human sexuality, cause-effect relationships, basic mental and social needs of the individual and other personal and social qualities are often lacking or are underdeveloped. To reverse this situation social and cultural development programs are systematically developed and used by NTID.

Qualified people with the necessary abilities to help post-secondary deaf students and other deaf groups to improve their personal and social abilities are not readily available. These staff members must be trained in the setting of NTID. NTID must also carry out research to help determine the right program to help deaf students adjust to the post-secondary educational environment and enhance their chances for contributing to society as independent citizens.

Accomplishments in 1972:

NTID's Department of Social and Cultural Development provided orientation to college life on the RIT Campus for all new deaf students. During the summer of 1972 students were given opportunities to develop leadership and governance abilities. By arranging special living situations, these opportunities continued for 15% of the students throughout the academic year. This provided enrichment and social experiences for several students and also served as a research project to test a new technique. Further opportunities for leadership experiences were available to 68 students who planned and conducted the Junior National Association of the Deaf Convention. The NTID Student Congress was set up as part of the RIT governance system. 38 deaf students joined in its activities. Fifty-five students served in a community service program serving in homes for the aged, hospitals, schools and other agencies; this program has promise for reducing discrimination against deaf persons as well as aiding students in personal and career development.

Formal courses were taught each quarter to try to develop personal and social knowledge and behavior; examples: Personal Finance, Human Sexuality, Readings in Deafness and Introductory Sociology.

Other examples of student activities include taking part on varsity athletic teams (15% of the students) membership in fraternities (6% of the students) and joining in other social and service clubs and organizations (48% of the students).

Counseling services, including test interpretation, were provided. This helped students to understand themselves and their abilities much better. Career selection and personal and social abilities were the primary emphasis of counseling efforts; some counselors tried specializing in dealing with students in given career areas. Individual and group counseling as well as formal classroom teaching were used to achieve the objectives of the department. A Behavior Effectiveness Indicator was developed and a pilot study indicates it may be an effective diagnostic tool in the future. During FY72 approximately 10,260 manhours of counseling staff were used on these efforts.

Objectives For 1973:

NTID continues to carry on research looking at the effects of different living arrangements on the social growth of deaf students. This includes new approaches to present living arrangements and more contact between hearing and deaf students. A special project is being designed to increase students' independent living abilities. The community services project is now available to more students as the benefits to deaf students who contact hearing people through this program become better understood.

Activities of the Student Information Center in the residence hall are growing due to heavy use by the student body. Other programs involve more deaf students in self-governance and participation in the activities of the campus and the community, especially in leadership positions.

Definite plans for the best educational role for the new residence halls are developing. Further study of the most needed counseling services for NTID's unique student group continues, and program modifications follow to meet these needs. The program of counselors specializing in a given career area is expanding and being studied further.

1974 Planning Objectives:

1. Increase the level of job-related knowledge of deaf students.

   Developmental education courses and services will continue at the same level as in FY73. Evaluation of the degree to which these courses have impact on socialization and personal development of students will continue and be refined. In addition, students will continue to be involved in long-range planning, in interior design and layout of the new housing facilities, and in conducting tours of the new facilities for other students.

   The Experimental Educational Theatre will provide cultural development for all students; experience shows that 80% of the students may be involved in at least one production and all students will attend at least once.

   Captioned films, captioned and interpreted TV, and commercial visual products will be used to provide other opportunities to grow in general knowledge.

2. Raise the level of socialization of deaf students.

   Counseling and other personal and social services will remain at the same level as FY73. A major thrust of the program will be in assimilation of deaf students into a largely hearing world. NTID will seek ways to make the total college cultural programs available to deaf students. Through community involvement in volunteer programs, deaf students will make contact independently with the hearing community.

3. Improve and increase the interpersonal relationships of deaf students.

   Socially isolated students will be identified and attempts will be made to find new ways of bringing them into relationships with the student body. Group counseling will be tested for its usefulness; a program to develop counselors as role models for students will also attempt to strengthen interpersonal relationships and increase socialization.

4. Maintain consistency throughout NTID in holding students responsible for their actions.

   A significant factor in achieving this will be the student program and progress evaluation system for monitoring and evaluating students. By this NTID will encourage maturity in students by holding them accountable for their individual or collective actions.

5. Increase the leadership roles deaf students fill.

   A major contributor to this objective will continue to be the NTID Student Congress. Students, through the Congress, will be involved whenever possible in contributing to shaping their environment. A full spectrum of NTID cocurricular activities will continue at the FY73 level to provide additional opportunities for leadership.

6. Train NTID staff and other professional workers with the deaf to evaluate and assist deaf students in personal-social development.

   The primary emphasis will be on internship programs in counselling. Since professional people with the capabilities to meet all the needs of NTID are not available, new staff will be trained in working in the NTID setting. Other staff of RIT who can contribute to the development of deaf students will be offered training in the needs of these students and how they can help.

7. Carry on research and circulate findings about the personal and social development of deaf persons.

   Each of the programs in personal and social development is partly experimental. Findings will be documented and made available to other institutions serving the deaf. In particular, the innovative approach of the Experimental Educational Theatre and programs to develop socialization will be explored.

8. Provide living accommodations (room and board) for all deaf students.

   Although NTID students share in this financial burden by paying a room and board fee, this amount is part of the total obligation figure for this activity. This is in accord with Senate Report No. 1484 and the Guidelines established by the DHEW Task Force on Tuition Policies at NTID and Gallaudet College.

Activity: Operations - Communication Skills Development (National Technical Institute for the Deaf; Public Law 89-36)

1973			1974 Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
23	$ 602	Indefinite	23	$ 668

Purpose: NTID programs in communication skills are planned to help deaf students to develop and/or strengthen communication skills necessary for success on the job and community activities. This is done by training students in speech, speechreading, hearing and language; by giving students special support (interpreting, notetaking, etc.); and from research on developing new ways to train students in communication skills.

Explanation: One of the basic social skills that many deaf people lack is communication; speech, speechreading, listening and language usage. For example, 90% of the NTID student population have some potentially trainable hearing; only about 10% have learned to use what hearing they have to best advantage. About 65% new students have not developed speechreading abilities they need to function adequately in social situations (if this is their only way of getting information); about 56% of the new students have speech which cannot be understood by the general hearing public, and 21% more have speech which can be understood only by a trained listener. From 85% to 90% of new NTID students are far below the average hearing college student in ability to understand or to form expressive language.

All these communication skills are critical for success on the job. To improve the communication skills of NTID students, and by that to increase their chances for successful employment and community living, NTID seeks to develop communication skills.

Most NTID students taking courses in the several colleges of RIT need interpreting services. This is true also for personal needs and social activities. These needs are met as necessary.

Staff with the necessary abilities to help students who are severely hearing impaired to develop communication skills are not readily available. They must be trained within the setting of NTID. Extensive research also is continually necessary to study problems and develop the appropriate methods to upgrade lagging communication skills.

Accomplishments in 1972: About 18,000 hours of staff services were provided toward improving communication skills of NTID students. Staff designed special curricula to improve individual speech and language skills and to aid in developing leadership abilities necessary to leading independent roles in employment and in the community. Special communication projects included developing materials to acquire spontaneous speech and language samples, improving techniques to evaluate communication characteristics of deaf persons, collecting therapy materials, developing special materials to gather information about communication needs in various jobs, designing and evaluating new equipment for speech improvement, evaluating speech and hearing, and auditory training.

Interpreters provided about 32,000 hours of special interpreting. In addition to direct student services, 20 hearing students were trained to interpret for students in classrooms and non-academic needs. Interpreting staff also developed new technical signs, worked on programmed instruction of the language of signs, and developed and evaluated a video-tape teaching method for training staff and students in sign language.

Hearing instructors were helped to make better use of interpreters and to understand how to communicate better with deaf students. Students were helped to be aware of world events through interpreted national TV news broadcasts.

An effort to make the Experimental Educational Theater a part of students' language development began. During the past year, 22% of NTID students took part in theatre productions.

Objectives for 1973: NTID continues designing, developing and evaluating new equipment for helping students improve their oral and hearing skills. Internship programs are being designed to train speech pathology and audiology staff to work effectively with severely deaf individuals. Design of better diagnostic tests for evaluating specific skills in each area has begun. Staff evaluate and revise all current curricula where ways for developing communication skills can be improved.

The use of Experimental Educational Theater is expanding and being studied for the best possible use of this idea.

Full-scale efforts go on to circulate all research findings concerned with improving communication skills of deaf people.

NTID is designing and developing a new course in communication aids for training students with enough residual hearing to use telephones and other communication tools requiring hearing; students are being trained to be alert to all ways of telecommunication now and in the future.

A way to screen and train interpreters for the deaf is being evaluated.

Formal programs to train selected students to perform hearing aid checks on precision equipment, make minor repairs to hearing aids and make earmold impressions have been designed. When trained, these students are assuming a leading role, under the supervision of audiological staff, in servicing the hearing aids of other NTID students. This program is helping develop responsible attitudes in students and leading them toward better understanding of the total communication process.

1974 Planning Objectives:

1. To provide communication skills education for deaf students.

   All programs operating in FY73 will continue to provide the same level of services in FY74. In addition, ways to gain more definitive information from secondary schools about previous speech and hearing training of students coming to NTID will be developed. Efficiency in orienting students to the development of oral skills will be improved. Part of this effort will be the continuation and extension of the Occupational Communication Survey to determine the communication requirements for specific jobs.

   The approach of specifically relating communications skill development to jobs and real-life situations by the new facilities for the Experimental Educational Theatre will be tested and evaluated. In addition, evaluation and revision of all curricula in speech pathology, audiology, interpreting services and the Experimental Educational Theatre will continue.

   Students will also be trained in using several communication devices, possibly including the picture telephone, teletypewriter, and other instruments which become available.

2. To decrease from 65% the percentage of students lacking adequate speechreading abilities for functioning in social or work situations.

   Existing therapy programs will continue. Evaluation of students' abilities will be refined and improved through further development of the speechreading diagnostic portion of the NTID Communication Profile. Curricula in speechreading will be tested and evaluated.

   Ways to effectively identify students without the basic language skills to benefit from speechreading training will be improved and tested.

3. To reduce the number of students with potentially trainable hearing, but not making use of that hearing, by 10%.

   Programs in auditory training will be extended to those students who can benefit, as identified by their previous training, their evaluation on the Communication Profile and their career needs. Since 90% of NTID's students have potentially trainable hearing, it will be necessary to have a program of computerized self-instruction in auditory training when NTID is fully operational. This curriculum development will go on during FY74.

4. To reduce the gap in language skills between NTID's deaf students and hearing college students.

   All curricula and evaluation techniques will try for refined measurements that give good displays of the weaknesses in language of deaf students. Through programs of computerized self-instruction in language, the Experimental Educational Theatre and the stress of language development within each of the technical curricula of NTID, students will be assisted to bridge this gap.

5. To reduce the percentage of deaf students whose speech cannot be understood by the general public.

   Existing programs in group and individual therapy will continue in FY74. In addition, computerized self-instruction in speech training will be developed. The diagnostic portion of the Communication Profile will be improved to give a refined picture of the students' speech capabilities.

6. To provide answers to research questions and circulate findings.

   Much of the program for developing communication skills is essentially applied research. Developmental processes will be documented and findings circulated.

7. NTID staff, other professional workers with the deaf and NTID students and RIT hearing students will be trained in communication skills development.

   NTID will begin training and then evaluate the feasibility of having internship programs in Speech Pathology, Audiology, Interpreting and Experimental Educational Theatre. Staff will be assisted to integrate communication development into their courses. All NTID staff and some RIT staff will be trained in manual communication.

   Ways for training selected hearing and deaf students to act as monitors in speech, auditory and speechreading training techniques and to carry on the formal classroom training in communication skills in housing and cocurricular programs will be formalized and evaluated.

Activity: Operations - Administration (National Technical Institute for the Deaf; Public Law 89-36)

1973			1974	
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
8	$ 329	Indefinite	8	$ 306

Purpose: To plan, carry out and evaluate the total picture of activities and resources required to achieve the mission and goals of NTID as defined in Public Law 89-36 and the NTID Agreement and to meet the annual objectives set for NTID.

Explanation: NTID's operations are administratively unique; managers must be trained in disciplines and skills that are different from traditional postsecondary educational administration. NTID's administrative operations are unique because: NTID is a Federally sponsored institution located at a private institution; planning, budgeting and accounting procedures for NTID must agree with the standard accounting practices for private institutions of higher learning and the requirements of the Department of Health, Education and Welfare; instead of being subject to normal Federal regulations, NTID is regulated by Statute (PL89-36) and Agreement (between DHEW and RIT); for the first time in the history of the education of the deaf a large group of deaf students is being absorbed in a previously all hearing school setting. Among the vast number of operation, accounting and legal differences, a very sensitive problem of NTID Administration during its interim program is recruiting, developing and managing capable professional personnel for working in this setting.

Accomplishments in 1972: The challenge of applying modern management methods to NTID in the setting of a private institution of higher learning began with long-range planning efforts. In 1972 NTID Administration began a formal plan to carry out long-range planning. The emphasis of this plan is on use of time and basic strategies. Methods such as PERT, PPBS, MIS, and modeling techniques are scheduled for evaluation and possible use in the next years of the interim program.

Extensive formal and informal training helps to develop needed management skills and leadership in NTID's management team. The success of this training program is clearly seen in the number of NTID faculty and staff taking and completing postgraduate studies in higher education, by the number of significant management positions offered to NTID staff members by other institutions and programs for the deaf, and by the number of publications, exhibits, papers and advising roles of the faculty and staff. Eight members of the staff completed advanced degrees in 1972: 2 MBA degrees, 2 Masters in Fine Arts, 1 Masters in Education, 1 Masters in Educational Administration, 1 Masters in Speech Pathology, and 1 Masters in Vocational Education. During the past 2 years, 9 members of the NTID staff left NTID to accept significant positions in service to deaf citizens or in the broader stream of education; their new titles include assistant coordinator for a hearing impaired program, superintendent and assistant superintendent in residential schools for the deaf, associate director for research and training, senior behavioral scientist, assistant professor for curriculum development and evaluation, and 3 directors: research and development counseling and special services for the deaf. During 1972 approximately 50 papers and publications were prepared by the faculty and the staff of NTID.

The planning, construction and interior layout and design of NTID buildings continues to move exactly on schedule. This is during a period when construction delays are common. Even during construction, NTID's schedule looks for information from future users of the buildings. For example, a full-scale model of a typical residence hall room was constructed and furnished and placed on view for students, faculty and staff to inspect before the final plans for that room and its furnishings were accepted.

Objectives for 1973: In 1973 several new and useful tools for long-range planning are being explored. First among these is a student information data bank that will contain up to 7,500 characters of data on each student; a corresponding automated course planning system will be part of this. Use of Program Planning and Budgeting System (PPBS) is being evaluated as a tool to assist in program evaluation. PPBS and a quantified plan of work for FY74 is being developed so it can be tied in later with accounting and reporting methods. The use of Program Evaluation and Review Technique (PERT) is also being evaluated for use as a basic part of long-range planning and PPBS. NTID has also assumed an Active Participant (Level II) membership in the National Center for Higher Education Management Systems. Modeling concepts like CAMPUS, HELP, and PLANTRAN and modeling firms, such as Systems Research Group and Midwest Research Institute, are also being investigated and evaluated for application to NTID systems.

During 1973, NTID Administration continues to coordinate actual building construction and interior layouts, design, equipment and furnishings.

1974 Planning Objectives:

1. Coordinate the planning effort of NTID to produce a long-range plan for FY75-79.

   To accomplish this, administration will give continued emphasis to program evaluation. The expected result is an evaluation model for NTID.

   By FY74 NTID will be able to demonstrate a communication model and make preliminary tests of its validity to insure effective communication throughout the NTID staff.

   A test of the model's validity will be its ability to clarify issues that need resolving. By defining these issues, NTID gains an important planning tool for establishing objectives.

2. To train managers in management by objective and long-range planning techniques.

   NTID will continue to analyze management problems and their solution. Since NTID is unique in administrative concerns and problems, this training is essential. Managers cannot be located outside of NTID who have all the requirements of the NTID management system.

3. To coordinate and produce a plan of work for FY75.

4. To coordinate a systematic and orderly move of all NTID operations into the new NTID facilities.

The final design of interiors will be coordinated during the first half of the fiscal year. Procedures for final selection, purchase and installation of furnishings and equipment will be centralized and coordinated.

An effective property control system will be operating to assist in managing the use of all equipment.

Activity: Construction - Furnishings and Movable Equipment (National Technical Institute for the Deaf; Public Law 89-36)

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
---	$ 1,915	Indefinite	---	$ 1,400

Purpose: To provide for building and equipping new buildings for NTID. As stated in PL 89-36 and the Agreement between DHEW and RIT, these buildings will also be used to carry out applied research into the job related factors of deafness and in preparing professional people to serve the deaf nationally.

Explanation: Funds had been appropriated and obligated for planning, site development and construction of NTID buildings on the campus of Rochester Institute of Technology (RIT). The complex consists of three buildings that will be the site of NTID. The largest building is the academic building (210,000 gross sq. ft.) that contains classrooms, laboratories, shops, studios and offices for administration, faculty and staff, hearing and speech facilities, and an Experimental Educational Theatre for career-related training and education in technical theater. The residence hall (206,000 gross sq. ft.) will contain living and sleeping space for 750 students, study areas, recreation rooms, student lounges, conference rooms, offices and support areas. The dining hall-commons building (31,000 gross sq. ft.) will contain a dining room and kitchen, mail room and lounge. It will serve as a commons area for NTID students.

In FY73 NTID submitted a supplemental request for $1,915,000 to begin purchase of furnishings and movable equipment. This request was made as a result of construction moving more rapidly than originally planned. For FY74 NTID requests the balance of funds to complete purchasing of equipment and furnishings.

Accomplishments in 1972: NTID advertised for bids; the construction contract was signed in the first quarter of FY72. Construction began shortly thereafter and reached 40% completion by the end of the fiscal year. During this time, an architect was chosen to design the interior layout. At the end of the fiscal year, the planning phase of interior design was completed; an equipment and furnishings budget for furnishings and movable equipment was developed which provided the basis for construction requests of $3,315,000. The supplemental request in FY73 of $1,915,000 provides the basis for an FY74 construction appropriation request of $1,400,000.

Objectives for 1973: By the end of FY73, actual building construction is scheduled to be 85% complete; in preparation for occupying the building, all equipment to be bought and installed will be determined, bids will be prepared for major items and major purchases, and the initial steps of purchasing procedures will begin pending approval of the FY74 budget appropriation for construction that includes funds for equipment and furnishings.

1974 Planning Objectives:

1. To monitor and coordinate the completion of construction of the new buildings.

   Construction is scheduled for completion on January 21, 1974.

2. Final specification, bidding, purchasing, receiving, inspection and installing of furnishings and movable equipment.

   Specific plans for acquiring furnishings and movable equipment are as follows:

Audio-Visual Equipment	$ 612,000
Dormitory, Dining and Academic Furnishings	1,298,000
Teaching Laboratories, Shop and Studio Equipment	1,084,000
Hearing and Speech	321,000
TOTAL:	$3,315,000

SUBCOMMITTEE RECESS

Senator COTTON. If you will be so kind, I think we would do a better job if we recessed until 2:30 and then covered all of Gallaudet and followed it with Howard, and that is all we have.

[Whereupon, at 12 noon, the subcommittee recessed, to reconvene at 2:30 p.m. the same day.]

[Afternoon Session, 2:35 O'clock, Wednesday, May 23, 1973]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Special Institutions

Model Secondary School for the Deaf

STATEMENT OF DR. DOIN HICKS, DEAN OF PRE-COLLEGE PROGRAMS AND DIRECTOR

ACCOMPANIED BY:
- DR. EDWARD C. MERRILL, JR., PRESIDENT, GALLAUDET COLLEGE
- PAUL K. NANCE, BUSINESS MANAGER, GALLAUDET COLLEGE
- DR. FRANK WITHROW, EXECUTIVE SECRETARY, NATIONAL ADVISORY COMMITTEE ON EDUCATION OF THE DEAF
- CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator Cotton. The subcommittee will come to order.

The next item before the subcommittee is the request for $3,962,000 to operate the Model Secondary School for the Deaf. This is the regional demonstration school which serves the National Capital region.

Dr. Hicks is here to testify on the school's request.

We would be happy to have you present your associates and proceed, Doctor.

Dr. Hicks. Thank you, Mr. Chairman. With me are President Edward Merrill, of Gallaudet College, and Paul K. Nance, business manager, Gallaudet College, Dr. Frank Withrow, executive secretary of the National Advisory Committee on Education of the Deaf, and Charles Miller, deputy assistant secretary for budget, and Dr. Gene Thomure, assistant director of the MSSD.

I have a statement, Mr. Chairman, that I would like to read, if I may.

Senator Cotton. Yes, sir.

GENERAL STATEMENT

Dr. Hicks. The Model Secondary School for the Deaf is an experimental school established by Congress as a direct response to nationwide need. In addition to serving as a model for all secondary education programs for deaf persons throughout the Nation, it also serves as a regional school for the States of Maryland, Virginia, West Virginia, Pennsylvania, and Delaware, as well as the District of Columbia. The establishment, construction, equipping, and operation of the

Model Secondary School for the Deaf was authorized by Public Law 89-694.

OPERATIONS

Legislative mandates reflected within this public law assign the MSSD the three roles of: serving as laboratories for educational experimentation and change by developing and validating innovative instruction and management models; disseminating working models to the professionals engaged in education of the deaf; and educating high school age deaf individuals.

The constituencies of the MSSD in the performance of these roles include its student body which of necessity must remain small during this developmental period and the national population of 60,000 deaf students in school, their parents and the 10,000 professionals who work directly with deaf students. The effectiveness of the developmental efforts of the MSSD will be reflected in the cognitive and affective growth evidenced by its students and the success which is experienced by their peers across the Nation once the models have been disseminated.

The instructional materials, strategies, and curricula developed for the school must lend themselves to educating students with varied abilities and background. Personalizing and individualizing instruction is given first priority. The skills of specialists in instructional design, evaluation, technological systems, and media must be coupled with the expertise of the teaching practitioner who is in daily contact with students within the laboratory. Additionally, the services of specialists in communication, psychological disciplines, career education, and visual conservation are required to serve the student body as well as for the development of model programs within these areas which will be disseminated to all secondary schools for the deaf.

INTERNAL AND FIELD VALIDATION

During fiscal year 1973, efforts have been concentrated on the development of strategic instructional development teams and the investigation and refinement of organizational patterns which will facilitate the efficient use of highly trained specialists and teaching practitioners. Other major accomplishments include: (a) an increase in the production of instructional materials and curricula development resulting in approximately 30 instructional packages being developed and ready for internal and field validation.

Senator COTTON. What do you mean by internal and field evaluation?

Dr. HICKS. Once teaching materials have been developed, Mr. Chairman, they must be used internally with small groups of students, and also with other populations of students to insure that they produce results. Then, on the basis of that initial use, they can be refined and then distributed.

Senator COTTON. I see.

Dr. HICKS. (b) curricula completed for courses in photography and television production, as well as several mini-courses in science and social studies; (c) the adaptation for use by deaf students of four programs which have been highly successful with hearing students in English, mathematics, social studies and science; (d) and the initial phases completed in the development of a social learning curriculum for the noncollege bound student.

INSTRUCTIONAL PROGRAMS

The instructional packages, courses, and adaptation of successful programs for hearing students have been or are being developed as a result of the concentrated efforts of multidisciplinary teams. It would not be financially feasible for the State or public schools for the deaf to assemble, train, and provide adequate time away from teaching assignments for such teams to concentrate on the development and validation of instructional materials and curricula. However, the thousands of students and the professionals who work with them will have access to the materials and curricula as well as training in their use.

The impact which the MSSD is beginning to have upon instructional programs for the deaf is attested to by the increasing number of professionals who observe classes and meet with staff members. The request for staff members to speak at national conventions about the MSSD and to serve as consultants to other programs is also increasing. Extensive programs of dissemination are in the planning stages and will be implemented as field validation of instructional models are completed. Included in this program will be site visits by MSSD staff members for the demonstration of materials and training in their use. Exchange programs are being considered between faculties of other schools and the MSSD. Opportunity for graduate students to have practicum experiences has been and will continue to be expanded.

Therefore, preparation for full operational status anticipated when the new facilities are completed require that major resources of the MSSD be directed toward: the development and validation of instructional materials, strategies and curricula, implementation of programs for dissemination; staff training; and educational management of the current modest student body.

The fiscal year 1974 budget estimate for the MSSD of $3,962,000 reflects an increase of $337,000 which is required to absorb built-in increases in operational costs, maintain a competitive salary schedule, and provide for the addition of seven new staff members.

ANNUAL COST PER STUDENT

Senator COTTON. What is the annual cost per student at the school? How does it compare with your first year cost?

Dr. HICKS. The costs of operating the school are increasing at this point because of the need to get staff on board and do development activities related to the production of curriculum materials and other things of that sort. We anticipate that as we complete our permanent facilities and are able to take a larger student body, that our instructional cost will, of course, go down considerably.

It is not possible, or perhaps I should say it is not practical at this point to attempt to relate all of the expenses related with the school with that of instructing the small student body, as we are putting many of our resources into developmental activities.

Senator COTTON. Well, has it gone up from the first year costs, but it will level off after you get in full operation?

Is that in a nutshell what you are saying?

Dr. HICKS. That is true.

A MODEL SCHOOL

Senator COTTON. Your school is supported to serve as a model for others.

Do you know if anyone else has started up a similar school anywhere else in the country?

Dr. HICKS. No, sir; not on the scale that we are attempting to provide here. There have been through the support of State or governmental agencies, small demonstration programs established at various places, but there have been no schools either attempting to or charged with the kind of national prominence that we anticipate achieving.

Our goals are basically threefold: to develop a wide variety of model program components and to disseminate those components as broadly as possible; then, of course, to maintain and provide a good program for a student body. We see our resources going into these three major directions.

Senator COTTON. There are, in connection with public schools and private schools, at least some activities and some people, a few trained people engaged in various parts of the country in educating the deaf, but what you are saying in your last answer is that there is nothing on the scale or with the professional standards that you hope to inculcate into the various sections of the country.

ASSISTANCE TO THE STATES

Dr. HICKS. Yes, sir. This is true. As I indicated in my opening statement, we are already experiencing some very good feedback in the form of reqeusts from other schools for assistance in interaction with staffs of other schools, so we are feeling gratified that we are already seeing that other professionals are looking to us for some leadership and some assistance.

Senator COTTON. You do disseminate information already to schools of various types, even if they have the beginnings of a department.

Dr. HICKS. This is true; yes, sir.

Senator COTTON. How many States actually have some organized instruction for the deaf?

Dr. HICKS. All States do have organized instruction. It varies from State to State. With the exception of two or three States, all of the States have at least one institution that is supported directly from State funds, and of course many States have within various public school programs additional facilities for educating deaf youngsters. There is a fairly extensive nationwide network of schools.

Senator COTTON. I guess I am not maintaining sufficient familiarity with my own State, because I notice, by coincidence—usually the chairman is here—whenever an example of a State situation is presented, it is always in the State of Washington. I'm not accustomed to hearing mine mentioned.

I should know but I am not aware. Does the State maintain a school for the deaf in my State, the State of New Hampshire?

Dr. HICKS. You do not have one, but there is a very fine private institution, the Croched Mountain Center.

Senator COTTON. I am on the board of directors there so I am familiar with that.

Dr. HICKS. I will be going there next Wednesday to participate in a program together with a gentleman from the country of Norway. You do have a program there that is very fine, and of which you can be quite proud.

Senator COTTON. And some very well-trained people administering it.

Dr. HICKS. Yes, sir.

Senator COTTON. Are the States willing, because all States are hard up and are all reaching for Federal money—how do they feel about going ahead on their own and financing these schools, utilizing the information that you have given them?

Are they going to all come to this committee and want to establish a school?

Dr. HICKS. I think not. One of the basic rationales behind the model secondary school is that it will not be necessary to replicate this school in its entirety in order to have equal programs. By that I mean, even our physical facilities as well as our staffing need to be quite extensive in order to do the developmental work.

I was saying that it will not be necessary for other schools to replicate all of the developmental activities required to establish model programs, that is, once we have gone through the process of developing a program, whether it be a particular course or a method of management or whatever it might be, other schools can reap the benefits of those activities without having to go through all of the developmental steps.

Senator COTTON. What you are saying is, you are setting up a model school to be emulated as far as possible throughout the country, but you have to be really a model, and they do not all have to live up to all the standards that you have in order to carry on the work reasonably.

Dr. HICKS. We can identify many areas in which we would hope to have model programs and develop model processes for achieving model status, not only in instruction but in many other areas.

DEAF POPULATION

Senator COTTON. It depends also on the population.

Dr. HICKS. Yes, sir.

Senator COTTON. I do not know how many actually deaf young people there are in my State, but I would expect that the population of my State being about 800,000 slightly less than 1 million, that it would be a far cry from what is in New York State or Indiana.

Dr. HICKS. That is true. I would guess offhand from those figures very quickly, about 150 or so schoolage youngsters. That is just a guess.

RATIO OF STUDENTS TO TEACHERS

Senator COTTON. What is the ratio of students to teachers at your school?

Dr. HICKS. We have about 40 members right now on the teaching faculty, and at this point we have only 110 students. However, again it is necessary to get staff on board and prepared to train prior to receiving an increased number of student body. We anticipate that when becoming totally operational we will have a ratio of about six students to one teaching faculty. That is rather consistent with other programs over the country.

We will have, however, other components such as research departments and quite a number of people and quite a number of programs in educational technology, the use of various hardware, and some other staff members for developmental purposes, which other schools may not have, but we feel that in order to maintain an appropriate level of credibility, and in order to expect other schools to look at our programs realistically and expect to emulate them, we will have to have a student-staff ratio fairly similar to that of other programs.

Senator COTTON. Now, do I gather from your closing remarks about the ratio, is it where you want it or do you want to lower the ratio later, as your school progresses?

Dr. HICKS. We will have fewer teachers with respect to the total number of students at a later date. As I indicated, it is necessary to have additional staff available at this point of the developmental phases of the school in that all of our faculty members have released time from teaching for doing other developmental activities.

INVOLVEMENT OF PARENTS

Senator COTTON. Do you have a program of seeking to involve parents in instructing them in how to teach their own deaf children?

Dr. HICKS. Yes, we do. This perhaps is not quite as critical at the secondary and college level as it is with younger students. Nevertheless, we do attempt to involve our parents in several ways.

We have the usual kinds of events and activities for parents similar to a parent-teachers association. We also have some parents serving on faculty-parent committees. So parents do have some involvement.

Senator COTTON. There are two distinct approaches, I would think. One is getting the parents, encouraging them and getting them out of the mental depression they must be in when they find, as a friend of mine, that he had a child last year, a child born totally deaf, getting them to understand that that does not mean the end of the world, and getting them so that their own optimism will reflect itself in the child.

But the purport of my whole question was, can they by familiarizing themselves with your literature and consultation with your people, if they can get to them, can they be instrumental in some of the early stages of teaching?

How do you start with a child, lipreading first or what?

What is the first step with a child that is born utterly deaf?

TEACHING A DEAF CHILD

Dr. HICKS. First of all there is a very definite role for parents to play. As you might imagine, the first thing the parents must do is get over some of the shock and trauma upon realizing that they have a deaf youngster. With respect to what occurs in terms of a sequence of events in working with a very young deaf child, it is a slow and arduous task with the deaf child in infancy. One of the initial attempts with a child is to make him aware of and responsive to the various things in his environment, to make him inquisitive, to make him want to learn.

Then it is possible to use either totally oral approach, attempting to make the youngster aware of the fact that communication is coming from the mouth. It is also possible to use a combination of oral communication and gesture in sign language.

At this point in time in our profession—I could show you how we can communicate in a way that is called total communication. I am signing and speaking at the same time.

In any event——

Senator COTTON. The child would see your signs and also watch your lips?

Dr. HICKS. This is true. This would give him additional avenues by which to begin learning communication. The child in terms of his own expressive communication would first evidence communication through gestures by pointing, indicating that he was aware or knew what something was. His first word might be asking for water or asking for food. The sign to eat. His first vocal utterance will probably just be that, just vocalizing.

By the time he is at age 2½ or 3, he would probably have some intelligible words that he could say along with manual communication if that were being used. So things develop from that.

The important thing is the child develops a lot of inner language. As you know, as children develop, they have to develop a lot of information inside of themselves prior to the time that they are able to express it. So this is very important. In any event, deafness is probably the most severe educational handicap known, other than deafness in combination with other handicaps, as the deaf-blind or the deaf with retardation.

So it is quite a difficult handicap.

Senator COTTON. A child is born into a world all alone.

Dr. HICKS. This is true. We learn language through imitation, through hearing, and a deaf child being denied that has to have a substitute means.

HISTORY OF THE CAMPUS

Senator COTTON. How long has your school been in existence on the campus of Gallaudet?

Dr. HICKS. The history dates back to October 1966 when the legislation was actually signed, but the legislation required the school to be developed on the basis of an agreement with Gallaudet College, and it took about 2 years before this agreement was really worked out. It was signed in 1969.

Then we started a program, a small program in 1970. So this is really our third year of actual operation in temporary facilities.

DEAF TEACHERS

Senator COTTON. Do children who have grown into adults—do they or could they who have been properly trained in a school like yours, perhaps even have gone to college, can they then in turn be useful in teaching?

Dr. **Hicks**. Very definitely so.

Senator **Cotton**. They might be more effective.

Dr. **Hicks**. This is true. Approximately 22 percent of our staff is composed of deaf individuals. It is important for a variety of reasons. First of all, many of them are highly skilled teachers, but second, they represent deaf adult models for the youngsters who see successful deaf adults and can have as one part of their aspiration becoming a teacher or a professional.

Senator **Cotton**. Thank you very much, Doctor, and it has been most interesting.

JUSTIFICATION

The justifications for the budget request will be placed in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

For carrying out the Model Secondary School for the Deaf Act (80 Stat. 1027), [$4,625,000, of which $1,000,000 shall be for construction and shall remain available until expended] *$3,962,000.*

Amounts Available for Obligation

	1973 Revised	1974
Appropriation............................	$ 4,625,000	$3,962,000
Comparative transfer to:		
"Office of Education".................	-38,000	---
Subtotal, budget authority..............	4,587,000	3,962,000
Unobligated balance, start of year.......	15,199,000	185,000
Unobligated balance, end of year.........	-185,000	-145,000
Total, obligations.............	19,601,000	4,002,000

Obligations by Activity

Page Ref.		1973 Estimate		1974 Estimate		Increase or Decrease	
		Pos.	Amount	Pos.	Amount	Pos.	Amount
	Operations:						
	(a) Instructional services..........	72	$1,204,000	75	$1,393,000	+3	+$189,000
	(b) Educational support services..........	42	1,035,000	45	1,184,000	+3	+149,000
	(c) Research, development & evaluation......	12	146,000	12	167,000	--	+21,000
	(d) General administration & fiscal operations	23	1,202,000	24	1,218,000	+1	+16,000
	Construction:						
	(a) Planning & site development.......	--	56,000	--	40,000	--	-16,000
	(b) Buildings (equipment & furnishings)....	--	15,958,000	--	---	--	-15,958,000
	Total obligations........	149	19,601,000	156	4,002,000	+7	-15,599,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Grants, subsidies and contributions..............	$19,601,000	$4,002,000	-$15,599,000
Total obligations by object....................	19,601,000	4,002,000	-15,599,000

Summary of Changes

1973 Estimated obligations	$19,601,000
1974 Estimated obligations	4,002,000
Net change	-15,599,000

	Base		Change from Base	
Increases:				
A. Built-in:				
1. Operations				
a. Increase in food service cost	--	68,000	--	+5,000
b. Increase in transportation cost	--	32,000	--	+15,000
c. Increase in costs of utilities, maintenance and custodial services	--	61,000	--	+15,000
Subtotal			--	+35,000
B. Program:				
1. Operations				
a. Instructional services	72	1,104,000	+3	+175,000
b. Educational support services	42	974,000	+3	+128,000
c. Research, development & evaluation	12	146,000	--	+21,000
d. General administration & fiscal operations	23	1,202,000	+1	+16,000
2. Construction				
a. Funds for equipping the permanent MSSD facility	--	---	--	+40,000
Subtotal			+7	+380,000
Total, increases			+7	+415,000
Decreases:				
B. Program:				
1. Construction				
a. Non recurring equipment costs	--	---	--	-56,000
b. Non recurring building costs	--	---	--	-15,958,000
Total, decreases				-16,014,000
Total, net change			+7	-15,599,000

Summary of Changes

1973 Estimated budget authority	$4,587,000
1974 Estimated budget authority	3,962,000
Net change	-625,000

	Base		Change from Base	
Increases:				
A. Built-in:				
1. Operations				
a. Increase in food service costs	--	68,000	--	+$5,000
b. Increase in transportation costs	--	32,000	--	+15,000
c. Increase in costs of utilities, maintenance, and custodial services	--	61,000	--	+15,000
Subtotal			--	+35,000
B. Program:				
1. Operations				
a. Instructional services	72	1,104,000	+3	+175,000
b. Educational support services	42	974,000	+3	+128,000
c. Research, development & evaluation	12	146,000	--	+21,000
d. General administration & fiscal operations	23	1,202,000	+1	+16,000
Subtotal			+7	+340,000
Total, increases			+7	+375,000
Decreases:				
B. Program:				
1. Construction				
a. Non-recurring building costs	--	---	--	-1,000,000
Total, decreases			--	-1,000,000
Total, net changes			+7	-625,000

Explanation of Changes

Construction funds in the amount of $14,958,000 appropriated in fiscal year 1972 were not obligated until fiscal year 1973 because of delays in finalizing the building plans and gaining approvals to proceed with construction of the Model Secondary School for the Deaf permanent facilities.

Increases:

A. Built-in:
  1. Operations
    a. Additional funds in the amount of $5,000 are needed to meet food contract cost increases and to provide additional meals for an increasing number of students who require a residential program.

    b. Additional funds in the amount of $15,000 are needed to meet transportation cost increases and to meet the needs of an increasing number of students requiring transportation.

    c. An increase of $15,000 will provide for the increase in cost of telephone, electrical, maintenance and custodial services associated with moderately expanded temporary facilities.

B. Programs:
  1. Operations
    a. An increase of $108,000 is required for the MSSD: to maintain a competitive salary schedule with schools in the area and other units of Gallaudet College and to maintain a relative salary schedule which incorporates the anticipated rise in cost of living.

    Forty-five thousand dollars ($45,000) is needed for three additional staff members who will be required in order to have an adequate instructional program developed for the 200 per cent increase in enrollment in F.Y. 1975; new staff members will be engaged in teaching and participating in curricula development and evaluation.

    An increase of $22,000 is required to provide additional contracted services, materials, supplies and equipment for the expanding programs.

    b. An increase of $50,000 is required to upgrade salaries and maintain a competitive salary schedule with schools and other area institutions.

    Two additional instructional designers well-versed in the systems approach, mediated instruction, and learning theory are needed to work with teachers in the development of curricula and materials. A specialist who can design and implement a program of visual assessment and training is needed. $45,000 is requested for the cost of salaries and benefits for these three additional staff personnel.

    An increase of $33,000 is required to provide additional contracted services, materials, supplies and equipment for the expanded programs.

    c. An increase of $21,000 if required to upgrade salaries and maintain a competitive salary schedule with other area schools and institutions.

d. An increase of $8,000 is required to upgrade and maintain competitive salaries.

Eight thousand dollars ($8,000) is required for an additional full-time driver necessary to an expanded student transportation operation.

2. Construction

a. New obligations of funds appropriated in prior years in the amount of $40,000 are anticipated for the purchase of equipment to be installed in that portion of the facilities under construction.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation Requested
Model Secondary School for the Deaf....	Indefinite	$3,962,000

Model Secondary School for the Deaf

Authorization of Appropriation

Sec. 2. For the purpose of providing day and residential facilities for secondary education for persons who are deaf in order to prepare them for college and other advanced study, and to provide an exemplary secondary school program to stimulate the development of similarly excellent programs throughout the Nation, there are authorized to be appropriated for each fiscal year such sums as may be necessary for the establishment and operation, including construction and equipment, of a Model Secondary School for the Deaf to serve primarily residents of the District of Columbia and of nearby States, including sums necessary for the construction of buildings and other facilities for the school.

(31 D.C. Code 1051) Enacted October 15, 1966, P.L. 89-694, Sec 2,80 Stat. 1027.

Explanation of Transfers

	1973 Estimate	Purpose
Comparative transfer to:		
Office of Education	-$38,000	Transfer of HEW laison staff to the Office of Education. This function is now budgeted in the Office of Education salaries and expenses account.

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1968	700,000	700,000	700,000	700,000
1969	845,000	845,000	845,000	845,000
1970	781,000	781,000	781,000	781,000
1971	2,462,000	2,462,000	2,462,000	2,462,000
1972	17,491,000	17,491,000	17,491,000	17,491,000
1973	4,625,000			
1974	3,962,000			

Justification

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	149	$ 2,123,000	156	$ 2,408,000	+7	+$285,000
Other expenses.............	---	17,478,000	---	1,594,000	--	-15,884,000
Total.................	149	19,601,000	156	4,002,000	+7	-15,599,000

General Statement

In compliance with Public Law 89-694, an Agreement between the Department of Health, Education, and Welfare and Gallaudet College was signed on May 16, 1969, authorizing the establishment, construction, equipping, and operation of a Model Secondary School for the Deaf to be located on the campus of Gallaudet College.

The purpose of the MSSD is: (a) to serve as a laboratory for educational experimentation and change by developing and validating innovative management and instructional models; (b) to disseminate working models to the professionals in the education of the deaf in order to have an impact upon the education of the more than 50,000 deaf students in schools and programs; (c) to prepare deaf adolescents for post-secondary academic and/or vocational pursuits.

The development of effective models requires the use of both human and non-human resources. Exceptionally competent professional representatives of the varied areas of specialization within the field of education are necessary for innovative models of an eclectic nature to evolve through team efforts. A student body representative of schools and programs for deaf adolescents nationally is an integral and important aspect of the human resource requirement. The physical facilities need to be equally innovative and flexible to provide a laboratory for formative and summative evaluation of evolving models. Additionally, materials, supplies, and equipment must be optimum for working models to evolve.

Models need to be validated and their effectiveness substantiated prior to an extensive program of dissemination having as its parameter all secondary programs for the deaf throughout the Nation. As would be expected in any experimental program, various models need to be developed, refined, and evaluated. Identifying models which are inadequate is equally important to the constituency of the MSSD as identifying workable models.

Dissemination may take various forms: through the publication of information and instructional materials; through the inclusion of people from the profession in the programs at the MSSD for the purpose of working with materials and staff; and through the involvement of the MSSD staff personnel in other schools and programs for the purpose of demonstrating materials and methods. This is dissemination at its highest level; it requires a continuous flow of information and human resources into and out of the school, in essence, an interaction between the school and its constituency which, in this case, is the profession of education of the deaf.

To prepare the regional population of deaf adolescents for post-secondary academic and/or vocational pursuits, the Model Secondary School must develop strong instructional components. Extensive emphasis must be placed on utilizing and improving those practices known to be successful, particularly techniques related to individualizing and personalizing instruction. This needs to include major technological support services. Additionally, intensive efforts need to be made toward achieving experimental and highly creative approaches which are unique and show promise of success in educating deaf youth. Such approaches must be within the construct of an educatively rich environment offering the deaf adolescent outstanding opportunities to select and pursue a challenging, exciting program.

Therefore, to perform its task appropriately, the major activities of the Model Secondary School must focus upon the development of models in all areas of the school's operations, the dissemination of effective models to the profession of education of the deaf, and the education of the current student body. These activities then become the school's goals and achievement may be viewed as a continuum, with success measured both in terms of quality of program and the extent to which National impact is evidenced. The dual proof of the effectiveness of these models will be: (a) the successes of the MSSD students during the time when they are enrolled in the program and while they are pursuing post-secondary training and/or vocational pursuits; and (b) the success of selected deaf students throughout the Nation who are exposed to the models during field validation and after dissemination.

The revisions of the 1973 budget will enable the Model Secondary School for the Deaf to initiate and/or refine the development of several promising models. These include, but are not limited to: an Instructional Development System model employing a team of specialists and teachers for instructional materials development; a school-wide decision-making model for effective group decision making; an EOE Affirmative Action Plan which includes a model for the recruitment and selection of professional staff personnel; a Program, Planning, Budget, Evaluation System (PPBES) for the generation and justification by objectives of all programs of the Model Secondary School; a staff development model which will allow each staff member to increase his/her competencies in order to perform in the most efficacious manner for his/her defined role. Additionally, modular scheduling and differentiated staffing will be examined to ascertain effective methods by which optimal cognitive-affective development and performance on the part of the students with varying maturity and ability levels may occur.

An appropriation of $3,962,000, an increase of $337,000 for operations and a decrease of $1,000,000 for construction over Fiscal Year 1973, is requested in Fiscal Year 1974.

Operations

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits	149	$2,123,000	156	$2,408,000	+7	+$285,000
Other expenses	---	1,464,000	---	1,554,000	--	+90,000
Total..................	149	3,587,000	156	3,962,000	+7	+375,000

The obligations incurred for this activity may be grouped into four major program elements: Instructional Services; Education Support Services; Research, Development and Evaluation; and Administrative/Fiscal Operations. The combined activities of these four Programs enable the Model Secondary School for the Deaf (MSSD) to respond to its charge of: (a) developing and validating innovative management and instructional models; (b) disseminating working models to the profession; and (c) educating deaf adolescents from a region consisting of the states of Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia.

Instructional Services

The Instructional Program must be in the framework of an exemplary, comprehensive secondary program which will: (a) prepare deaf students for college and other post-secondary programs, (b) prepare terminal, non-college bound deaf students for employment and/or continuing career development, and (c) prepare deaf students to be independent and contributing members of society.

To allow for the different developmental patterns and learning styles of each student, highly individualized curricula and instructional materials must be developed by each of the 14 instructional departments. An average of 50 percent of each teacher's time is spent in development activities. (The professional expertise of specialists assigned to Educational Support and Research Programs are required to complement the professional competencies of the content teacher in these developmental tasks.)

The instructional products resulting from the efforts of these teams will be utilized in providing instruction to the present student body and after extensive refinement and validation, be disseminated to all secondary schools and programs for the deaf throughout the Nation. Therefore, a large portion of the obligations incurred by the Instructional Programs is simultaneously contributing to the education of the present student body and to the MSSD's efforts to have an impact upon the education of the more than 50,000 deaf students presently enrolled in educational programs.

An increase in the amount of $189,000 is requested for the purpose of activities in Instructional Services.

Education Support Services

The Education Support Programs include activities required to provide direct instruction, and to develop managerial and instructional models. Clusters of support services may be identified by need areas: the social, emotional, and physical well-being of students (a necessary precursor to optimum success in school); the home-like placement for those students who, by reasons of distance or family circumstances, need residential placement; the vital services related to acquisition, storage, retrieval, and assistance in the utilization of the extensive amounts of book and non-book materials and equipment required for an individualized instructional program; the improvement of each staff member through an extensive staff development program; the highly competent professionals representing the areas of instructional design, technology, and mediated materials and equipment; the technological systems which contribute required support for instructional and developmental activities.

Audiological, communication, counseling, health, and psychological assessment are necessary adjuncts to individualized educational programming. Social work services provide needed assistance to families and students so that they may participate effectively in the educational programs. Foster and group home placements are provided, in addition to the resident hall setting.

One of the major components of educational support is that of staff development. Although the MSSD recruits and selects highly trained specialists from a variety of disciplines, the special skills required for teaching deaf children, and for developing various management and instructional models necessitate an extensive and continuous staff development program. Additionally, staff members need to be allowed to participate in those activities which will enable them to remain current in their fields of specialization.

Media Services personnel cooperate with content specialists in the Instructional Program, and with curriculum and evaluation specialists in the Office of Research, Development, and Evaluation in offering support services to the teaching staff in the development, revision and refinement of curricular materials in an instructional package format. Media production personnel produce photographic, graphic, print, television, and programmed materials for use in instructional packages. Additionally, they assist with acquisition, use, and maintenance of technical systems including the Computer Assisted Programs, the TV studio, amplification and audio-visual programs.

A long neglected area in the education of deaf children is that of visual assessment and training. Deaf individuals must rely upon visual imput as a primary channel for receptive communication and learning. A program which would provide assessment and training in all visual skills must be designed and implemented as a component of the Education Support Programs.

Some of the models which should evolve from the array of Educational Support Programs include: the most effective use of specialists in schools and programs serving deaf children; the implementation of an effective Instructional Design Systems by faculties in schools and programs serving the deaf children; the most effective employment of mediated instruction; the effectiveness of computer assisted instruction; the most effective use of instructional television and automated material access systems; procedures for effective staff development; procedures for effective resident, foster and group home living; procedures for effective counseling and social services.

An increase in the amount of $149,000 is requested for the purpose of activities in Educational Support Services.

Research, Development and Evaluation

The programs for Research, Development and Evaluation involve: basic and applied research in the areas of deafness and the education of deaf youth; formative and summative evaluation of models emanating from all program elements of the MSSD; and coordination of the development and evaluation of curricula.

The experimental and innovative nature of the MSSD's mandate requires extensive programs of formative and summative evaluation of the cognitive-affective development and performances of students with varying levels of maturity and ability. In addition, equally extensive programs of formative and summative evaluation are required during the development and refinement of managerial and instructional models.

The innovative nature of instructional programs requires the development of new instruments, which do not depend solely upon verbal input, for measuring changes in the cognitive-affective behaviors of students. The instructional value to the deaf of computers, television, automated materials access systems and other technological systems must be explored.

Contributions from all program elements of the MSSD are required in order for an innovative individualized curricula to be developed. A crucial function of the Research, Development and Evaluation Programs is the coordination of the efforts of the entire staff in the development of curricula in order to optimize the contributions of each.

An increase in the amount of $21,000 is requested for the purpose of activities in Research, Development, and Evaluation.

Administrative/Fiscal Operations

The Administrative/Fiscal Programs provide the physical facilities, fiscal management, and the coordination of all program activities. In addition, administrative services include that of public information, student admissions, transportation, scheduling, and coordination of staff recruitment/selection functions.

Management services for a model such as the Model Secondary School for the Deaf require the same level of innovation and creativity as for other program activities. Administrators must provide an appropriate climate for experimentation and positive educational change. Models for decision-making require extensive functionalization and effective horizontal and vertical coordination.

Fiscal management is a critical element in program development and administration. In order for supervisory personnel in the various programs to discharge their responsibilities effectively and to assure that programs assume financial accountability, it is especially important that sound financial accounting and reporting, quality physical facility operation and maintenance, and other high quality fiscal services be developed.

Recruitment and Selection procedures of staff personnel must provide an attraction for both a high quality and an adequate quantity of applicants.

An increase in the amount of $16,000 is requested for the purpose of activities in Administrative/Fiscal Operations.

Construction

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..........	--	---	--	---	--	---
Other expenses..........	--	$16,014,000	--	$40,000	--	-$15,974,000
Total................	--	16,014,000	--	40,000	--	-15,974,000

The construction of the Model Secondary School for the Deaf permanent facility was initiated in fiscal year 1973. New obligation in the amount of $40,000 from previously appropriated planning funds are anticipated for the purchase of equipment to be installed in that portion of the facilities under construction.

Program Purpose and Accomplishments

Activity: Instructional Services

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
72	$1,204,000	Indefinite	75	$1,393,000

Program Purpose: Instructional Services provide:

(1) an exemplary, comprehensive secondary school program to (a) prepare deaf students to be independent and contributing members of society, (b) prepare deaf students for college and other advanced study, and (c) prepare terminal, non-college bound deaf students for employment and continuing career development. (These educational services are directed to a regional population of high school age deaf students: Delaware, Maryland Pennsylvania, Virginia, West Virginia, District of Columbia.)

(2) content expertise for the development of highly individualized curricula and instructional materials for (a) instruction of the present student body and (b) dissemination to all secondary school programs for deaf youth throughout the country.

Explanation: Obligations for this activity include staff salaries and benefits, contracted services, materials, supplies, and equipment.

Accomplishments in 1973: **This year the following activities have been pursued:**

1. provided instruction in fourteen content areas for the current student body.
2. initiated an instructional program encompassing a mini-school prototype with the admission of KDES students unable to meet admission requirements for the other MSSD programs.
3. initiated a pilot program of team teaching by assigning speech pathologist to the various academic areas.
4. initiated a pilot summer camp program to provide an education/social/recreational environment for social interaction between the students and outstanding adult deaf persons.
5. initiated a pilot summer instructional program using the Washington Metropolitan area as the classroom.
6. designed and refined a system for progress reporting which lends itself to the individualized nature of the instructional program.
7. initiated an instructional division newsletter, "Think Aloud," which included summary of pertinent professional activities, departmental activities, and professional exchanges between staff members concerning the instructional programs.
8. revised the system for dating and maintaining attendance records which lends itself to the individualized flexible scheduling.
9. initiated a 12-month instructional program.
10. initiated a pilot teacher aide work-study program involving a student from a metropolitan public high school.
11. initiated the publication of a weekly student newspaper.
12. coordinated and supervised the participation of the MSSD students in the "Presidential Classroom Programs."
13. sponsored two workshops for MSSD students conducted by the National Theatre for the Deaf.
14. provided seminars for students on orientation and counseling to the world of work.
15. developed work placement options for five levels of work experience: (a) on-campus stations, (b) semi-sheltered off-campus stations, (c) service type stations, (d) unstructured community stations, and (e) specialized on-the-job training stations.
16. held a series of one-day workshops to familiarize area businessmen and employers with the MSSD and its Off-Campus Work Study.

Objectives in 1974: The objectives embedded in the activities listed above will continue to be pursued. Additionally, exploratory and experimental efforts toward curriculum development will be tested and in readiness for the anticipated expanded student population; the scheduling process will be analyzed to ascertain refinements which would allow optimal cognitive-affective development of students with varying maturity and ability levels; programs in prevocational areas will be developed; and additional resources in the community will be identified and employed as an integral part of the curricula.

Activity: Educational Support Services

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
42	$1,035,000	Indefinite	45	$1,184,000

Program Purpose: Educational Support Services provide multi-support activities for:

(1) direct instruction to the regional population of high school age deaf students at the MSSD.

(2) development, revision and refinement of innovative managerial and instructional models.

(3) dissemination of working models to the professionals in the education of deaf children and youth.

Explanation: Obligations for this activity include staff salaries and benefits, contracted services, materials, supplies, and equipment.

Accomplishments in 1973: The following activities have been pursued in 1973:

1. provided comprehensive counseling and social work programs for students and their parents and/or guardians.
2. provided residential programs, including group and foster homes, for students who, because of distance or family circumstances, need residential placement.
3. developed a comprehensive plan for the staffing and operation of the residence program in the new facilities.
4. refined procedures for academic and psychological staffing to better incorporate the consultant services of psychologists, psychiatrists and other needed specialists.
5. increased the utilization of closed circuit television for instructional and informational purposes.
6. refined and/or completed plans for the following educational technological systems: educational television, automated retrieval and display of selected educational materials; computer assisted instruction; amplification systems to accommodate hearing impairment; visual paging and communication facilities through combined use of teletype, telephone, and television; and personal safety signaling systems using non-auditory stimuli.
7. continued to coordinate the acquisition, storage, retrieval, and maintenance of all book and non-book materials required for an individualized instructional program, including assistance and training in their use.
8. coordinated the maintenance and technical monitoring of the Computer Assisted Programs.
9. continued to provide leadership and guidance to instructional design teams in the development of instructional packages.

10. continued to produce the photographs, art work, video tapes and other visuals required for instructional packages and the production of the completed package.

11. expanded staff development through additional in-service courses, workshops, seminars, and opportunity for participation in professional meetings.

12. extended opportunities for observation of, and participation in, the MSSD programs by staff members from other schools and programs for the deaf.

13. completed procedures and guidelines for university programs to participate in practicum and internship experiences.

14. established a team of staff members to participate in planning staff development programs to meet the expressed needs of the staff.

15. initiated staff evaluation procedures, including criteria for evaluation.

16. provided the opportunity for staff participation in selected programs of study.

17. provided training activities for management personnel to improve the skills required for successful management.

18. planned a program of parent education which focused on adolescence and career planning.

19. initiated the development of diagnostic techniques for assessing the expressive and receptive language levels of students.

20. completed a model for the implementation of Instructional Design Systems to facilitate the team development of instructional packages.

21. established a liaison with the National Center on Educational Media and Materials for the Handicapped, for the development and dissemination of instructional materials.

Objectives in 1974: The objectives embedded in the activities listed above will continue to be pursued. Additionally, the educational technological systems required for the permanent facilities will be planned, including provisions made for their installation, operation, and maintenance; plans for a variety of group patterns of living and management in the resident facilities will continue to be developed; student and staff film and television programming will be refined and implemented; Instructional Design Specialists will be added so that increased support services may be provided to the teaching faculty in their efforts to develop instructional packages; a concentrated program of staff development will be continued to provide the comprehensiveness necessary for the staff to effectively contribute to an experimental program; staff members will make site visits to other programs to explain and demonstrate the use of techniques and materials which have been developed and tested at the MSSD; and participation by professionals in MSSD programs will be increased. A program will be implemented to insure that students have comprehensive service in visual assessment and training as a measure to conserve and utilize their most important remaining sensory modality.

Activity: Research, Development and Evaluation

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
12	$146,000	Indefinite	12	$167,000

Program Purpose: Research, Development, and Evaluation provide:

(1) formative and summative evaluation of managerial and instructional models emanating from all program elements of the MSSD.

(2) coordination of the development, revision, refinement, and evaluation of curricula, including in-house and field testing of instructional packages, strategies, and materials.

(3) basic and applied research in the areas of deafness and the education of deaf youth.

Explanation: Obligations for this activity include staff salaries and benefits, contracted services, materials, supplies, and equipment.

Accomplishments in 1973: The following activities have been pursued in 1973:

1. formulated and initiated validation of measures of language development.
2. completed the prototype of a self-rating scale employing both pictorial and verbal presentation for assessing attitudinal changes.
3. initiated the development of procedures for selecting monitoring and evaluating faculty initiated research projects.
4. established a format and procedures for selecting and monitoring cooperative research projects between the MSSD and other institutions and/or individuals.
5. expanded the data base on current population.
6. conducted a pilot study to determine the usefulness of an individualized standardized test as a supplement for determining eligibility of applicants to the MSSD.
7. continued to administer the standardized testing program providing the instructional staff with achievement levels of individual students, and providing statistical analyses of test results for the purpose of evaluating increments in the acquisition of concepts and skills of the school population.
8. initiated the development of diagnostic and achievement tests for the concepts, processes, and skills which are present in the curricula of major subject areas.
9. initiated a procedure for evaluation of curricular and instructional materials and strategies.
10. initiated the development of measures for evaluating various aspects of the MSSD program, e.g., staff development, parent education, and administrative and fiscal management.
11. continued to provide the staff with critiques and summaries of pertinent research appearing in the professional literature.
12. established a library of curricula from other schools.
13. coordinated faculty efforts in the formulation of objectives and the selection of content for all courses including the development of instructional packages.

14. completed a comprehensive catalogue of courses and related information for use by students, parents, staff and other interested individuals.

15. coordinated the development of curricula for the following new courses: Adventures in Communication, Body Movement, Set and Costume Design, Advanced Foods, Advanced Clothing, Ceramics, Graphics, Art Appreciation, Geography, The Americans, Photography, Adaptive Physical Education, Television Programming and Presentation, Health.

16. completed a review of the status of the school-wide curriculum, including a revision of the instructional goals for the MSSD, and terminal objectives of academic departments, and set priorities for a curricula master plan.

17. coordinated staff efforts in adapting various commercially prepared curricula for use with deaf students.

18. coordinated staff efforts in the development of a social learning curriculum for a population of non-college bound students.

Objectives in 1974: The objectives embedded in the activities listed above will continue to be pursued. Additionally, the development of curricula, which will maximize the individualization of instruction, will be intensified; field testing to determine the efficacy of materials with populations outside of the Model Secondary School for the Deaf will be conducted including workshops with cooperating teachers for maximum use and feedback of information; evaluation of the relationship of teacher behaviors and student learning styles for the identification of compatible teacher-student matches will be initiated.

Activity: General Administration and Fiscal Operations

1973		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
23	$1,202,000	Indefinite	24	$1,218,000

Program Purpose: The Administrative/Fiscal operations provide:

(1) coordination of the work of the total staff toward the achievement of the goals and objectives of the MSSD.

(2) an environment, including the physical facilities, appropriate for experimentation and positive educational change.

(3) coordination of recruitment and selection of high quality personnel.

(4) coordination of public information to ensure appropriate dissemination for the public especially the main constituents of the MSSD.

(5) coordination of fiscal management to ensure that the MSSD and its various programs achieve financial accountability and quality operation and maintenance.

Explanation: Obligations for this activity include staff salaries and benefits, contracted services, materials, supplies, and equipment.

Accomplishments in 1973: The following activities have been pursued in 1973:

1. refined and improved the computerized accounting and financial reporting system.

2. refined the lines of communication and improved decision making processes within the Model Secondary School for the Deaf.

3. completed planning activities for the permanent Model Secondary School for the Deaf facilities.

4. implemented recommendations from management consultants relative to improved and expanded administrative services, e.g., appointment of an Assistant Director for the School.

5. expanded efforts in the process of sharing information and establishing strong working relationships with schools in the Model Secondary School for the Deaf service area.

6. made substantial progress toward a system incorporating the concepts of management by objectives and utilizing contemporary techniques of planning/programming/budgeting.

7. completed an analysis of the minority representation on the staff and completed an EOE Affirmative Action Plan which will ensure that the MSSD will not be discriminatory in the recruitment, selection and/or promotion of its employees.

8. developed a plan for a national recruitment program to ensure that the MSSD will have the most qualified professionals available to select from in expanding the staff for increased enrollment of 200% in Fiscal Year 1975.

9. continued to provide the necessary support and direction for the developing programs of the MSSD.

10. continued to coordinate the recruitment and selection of personnel for all of the MSSD program elements.

Objectives in 1974: All major objectives previously initiated relative to improved management practices, computerized accounting, and effective program planning and budgeting will be refined and clarified so as to provide stability to management activities. Processes found to be effective in the area of management will be shared with other schools and programs, particularly those related to models for decision making and computerized accounting and reporting.

New Positions Requested

	1974	
	Number	Annual Salary
Operations		
Teachers	3	$44,712
Instructional Design Specialists	2	29,808
Visual Assessment and Training Specialist	1	14,904
Driver	1	7,905
Total new positions	7	97,329

Gallaudet College

STATEMENT OF DR. EDWARD C. MERRILL, JR., PRESIDENT

ACCOMPANIED BY:

DR. JOHN S. SCHUCHMAN, DEAN OF THE COLLEGE
DR. DOIN E. HICKS, DEAN OF PRE-COLLEGE PROGRAMS
PAUL K. NANCE, BUSINESS MANAGER
CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

INDRODUCTION OF ASSOCIATES

Senator Cotton. Next on the agenda is the request for $10,422,000 for Gallaudet College.

Dr. Merrill is here to fill us in on the activities of the college.

Doctor, I guess you do have your associates?

Dr. Merrill. We have John Schuchman, dean of the college; Dr. Hicks, dean of precollege program, Paul R. Nance, business manager, and Mr. Miller, deputy assistant secretary for budget.

Mr. Chairman, I would like to open with a statement, if I may.

Senator Cotton. Certainly.

BUDGET REQUEST

Dr. Merrill. Mr. Chairman, I appreciate the opportunity to appear before this committee and to present the financial requests of Gallaudet College, and the Kendall Demonstration Elementary School for the fiscal year of 1974.

Gallaudet College was established in 1864 by an act of Congress for the purpose of providing a liberal higher education for deaf persons. Though today it remains the only liberal arts college in the world devoted exclusively to the deaf, Gallaudet has become a multipurpose educational institution, meeting the needs of its clientele on a broad basis much as a land grant institution meets a variety of needs for its constituency.

ACCOMPLISHMENTS

I would like to tell you of our recent accomplishments: Of 161 members of the class of 1972, 89 percent were employed or in graduate school by September, 1972. Among the positions obtained by these graduates are economist, chemist, budget analyst, computer programer, statistician, librarian, social caseworker, actor, counselor, and teacher. The Gallaudet College Center for Continuing Education conducted classes serving approximately 1,000 deaf adults in cooperation with 14 other area colleges and universities. The public services program has conducted 11 conferences bringing hearing and deaf people together, focusing on such topics as family life and community leadership training. A subscription teletype news service was established. To increase accountability, the college has developed measurable performance objectives for all departments, including academic areas, and expressed them in a comprehensive master plan. We have installed Plantran II, a computer-based planning system. These items represent some, but by no means all, of the accomplishments of the college.

PURPOSE OF INCREASES

The college requests increases for fiscal year 1974 for the following purposes: to implement educational support programs, including expanded computer center instructional services, an instructional materials center, and technological innovations to improve the learning environment for both faculty and students; to expand the continuing education program for deaf adults, particularly in the inner city for deaf, black persons who need basic education; to enlarge the graduate and undergraduate instructional program and the sign language communication program; to maintain faculty salaries in the first decile of American Association of University Professors ratings; to provide improved custodial and preventive maintenance service for our 34 buildings; and to improve the quality of student life by means of more counseling, student exchanges, and upgrading the qualifications of residence hall personnel.

SECURITY ON CAMPUS

Senator **Cotton**. Excuse me, Doctor. I seem to recall a rather distressing incident a few years ago. We appropriated money to put a fence around and furnish more guards, lighting, and television observance.

Has that all been carried out?

Dr. **Merrill**. Yes, sir. There are two parts to your question, really. The money for security has been spent, and we have a very comfortable campus, and we have had a reduction of incidents to practically nothing. We had nothing serious happen on our campus.

This committee did include $637,000 with which the House did not concur, and therefore it was not in the final appropriations for 1973. This was to repair roofs and do other kinds of maintenance work that we were falling behind on.

Senator **Cotton**. It did not have to do with the safety features?

Dr. **Merrill**. That particular allocation did not.

Senator **Cotton**. I see.

But as far as the safety precautions, they have been carried out?

Dr. **Merrill**. Yes, sir, they have.

Senator **Cotton**. There is nothing more, apparently, required, just in that field?

Dr. **Merrill**. No, sir.

We have in this request—we have the request for one more security guard. Other than that, there is nothing more we need.

Senator **Cotton**. I did not mean to interrupt.

THE KENDALL DEMONSTRATION ELEMENTARY SCHOOL

Dr. **Merrill**. The Kendall School was established in 1857 and has served deaf children for well over a century. Public Law 91-587 provided for the expansion and improvement of the program so that it would be a demonstration school of national significance. As a day school, the Kendall Demonstration Elementary School now serves 165 children from the National Capital area, 41 percent with suspected additional handicapping conditions, 38 percent from single-parent families, 36 percent from low-income families, and 5 percent from foster homes.

Senator COTTON. You are not talking about the school we have already heard about.

Dr. MERRILL. No.

Senator COTTON. You are talking about a school that tries to serve local needs?

Dr. MERRILL. Yes, and small children.

Senator COTTON. Is that on your campus, too?

Dr. MERRILL. Yes, sir, it is. We have two demonstration schools.

Senator COTTON. In other words, you have Gallaudet College proper and you have the Doctor's Model School.

Dr. MERRILL. The secondary school, the high school.

Senator COTTON. Then you have this for small children. This is a model school, too.

Dr. MERRILL. Yes, it is, sir.

Senator COTTON. It fills the same functions for primary grades and kindergarten that this school provides for high school.

Dr. MERRILL. That is correct, sir.

Senator COTTON. Thank you.

Dr. MERRILL. During the past year the Kendall Demonstration Elementary School has completed individual speech analyses on the children, established priorities for individual and group speech therapy, provided examinations by an otolaryngologist——

Senator COTTON. What is that?

Dr. MERRILL. That is a medical doctor that specializes in throat and nose problems.

Senator COTTON. I see.

How is it that the medical profession and the legal profession can always think up these words?

Dr. MERRILL. Established counseling services, completed a needs assessment survey, initiated new admissions procedures, expanded the auditory training program, and accepted interns in social work, counseling and teaching. Achievement data show the student population performing at approximately the national average.

Requested additions in the budget for the Kendall Demonstration Elementary School for fiscal year 1974 consist of two items: one, funds for the increased cost of student transportation and food services, and two, funds for faculty salary increases.

In summary, Gallaudet College and the Kendall Demonstration Elementary School respectfully request an appropriation of $10,492,000 which is an increase of $870,000 for operations and a decrease of $5,460,000 for construction.

MASTER PLAN

Mr. Chairman, I would like to point out in conclusion here that here is a summary of our master plan that the faculty has developed. I am talking about the college. The Model Secondary School and the Kendall Elementary School have all developed objectives that can be measured to see if we are doing our job.

RESEARCH

One of the more delightful things that our research is turning up are these books for small children. You expressed an interest in them. These are the nursery rhymes, and if you will notice, the lip movements are shown on the pictures, and the signs as well.

These are extremely popular and are being produced and reproduced on the Gallaudet College campus, so that the small children can share in the delightful nursery rhymes that we have in our culture. The parents can also read those to the children.

Senator COTTON. This is a remarkably fascinating thing. I suppose when I first came on this committee 14 years ago these had not even been heard of yet.

Dr. MERRILL. That is correct.

COMPARATIVE FACULTY SALARY DATA

Senator COTTON. Can you give us some idea of the salaries paid to the faculty?

Dr. MERRILL. Yes, sir. We have a salary schedule. I will ask Dean Schuchman to comment on that.

Senator COTTON. Would you insert it at this point in the record?

I do not know if you need to insert it with the names of the individuals, but by position.

[The information follows:]

GALLAUDET COLLEGE
WASHINGTON, D. C.

Comparative Faculty Salary Data

The following information is taken from published reports of the American Association of University Professors. The amounts shown below are for a nine months academic year with twelve months contracts converted to nine months.

(In hundreds of dollars)

Institution	1969-70 Average	1970-71 Median	1971-72 Median
1. American University	$13,3	$13,5	$14,0
2. Catholic University	12,9	12,3	12,5
3. D. C. Teachers College	14,8	13,9	13,8
4. George Washington University	14,3	14,3	15,3
5. Georgetown University	13,2	13,0	13,9
6. Howard University	12,3	12,0	13,8
7. Gallaudet College	11,2	11,5	15,3

Data not yet published for academic year 1972-73.

Faculty Salary Schedule

		Fiscal 1972	Fiscal 1973	Fiscal 1974
Professors	Maximum	24,000	29,000	30,000
	Minimum	16,000	18,000	19,000
Associate Professors	Maximum	16,000	23,000	24,000
	Minimum	12,700	15,000	15,000
Assistant Professors	Maximum	12,700	17,500	19,000
	Minimum	10,500	12,500	12,500
Instructors	Maximum	10,500	14,750	16,000
	Minimum	8,200	10,500	10,500

AVERAGE FACULTY SALARY

Dr. SCHUCHMAN. The average salary for our faculty is approximately $16,000, and we are in the first decile of the American Association for University Professors, which is a national organization in the United States.

Senator COTTON. Do you have the same type of rank, full professors, assistant professors, instructors, assistant instructors and whatever?

Dr. SCHUCHMAN. Yes, sir.

Dr. MERRILL. Mr. Chairman, I would like to comment further that we have to recruit Ph. D.'s in history—Dean Schuchman has a Ph. D. in history—and mathematics, or chemistry, and then these people must undergo a training program to learn the language of signs as demonstrated by Dr. Hicks a few minutes ago, because this is the manner in which we teach in college. It takes approximately 2 years for a person to become reasonably proficient in that.

Senator COTTON. Are the salaries at a point where you can attract the type of people that you need?

Dr. SCHUCHMAN. Yes, sir. As recently as 3 years ago we had less than 20 faculty members with the earned doctorate. We now have, depending upon how successful we are in the next few days, about 56 earned doctorates on our teaching faculty, which represents a substantial change in the last 3 years years. One of the primary reasons we have been able to do this is because of our salary schedule. So the salary schedule has helped a great deal in the last 3 years.

Senator COTTON. It was raised substantially within the last 2 or 3 years.

FACULTY EVALUATION

Dr. SCHUCHMAN. Yes. We attained a first decile rating 2 years ago, and we have been able to maintain this. We have to maintain this in order to keep our faculty members. It is a very difficult process. Not only do you have the normal kinds of evaluations that you expect of faculty members, but in addition, a Gallaudet faculty member has to pass an annual total communication test.

What this means, is that we have a panel of faculty and students who administer these tests to faculty members, giving them sentences, and paragraphs, which are put on television tapes. They are scored by a panel of faculty and students.

Senator COTTON. You mean they communicate by signs and so forth?

Dr. SCHUCHMAN. Total communications, voice, signs.

Senator COTTON. You have to keep having them?

You mean they might get careless?

Dr. SCHUCHMAN. More than that. They have to be able to show proficiency or they would not be given tenure.

Senator COTTON. But he has demonstrated when he was appointed.

Dr. SCHUCHMAN. When we bring a faculty member onto our staff, we put them through an 8-week summer manual communication program. When a faculty member completes that, unless he happens to be a child of deaf parents or something like this, he is a stranger to manual communication——

Senator COTTON. You mean they come with no knowledge of sign language.

Dr. SCHUCHMAN. Yes, except for those individuals like myself who happens to be the son of deaf parents. I happen to be bilingual. In most cases they come as complete strangers to sign language.

In the liberal arts program, basically we are looking for a person with many qualifications in a specific academic field. Then we train the individual ourselves.

Senator COTTON. I see.

Dr. SCHUCHMAN. We get them up to minimum standards by the end of that summer, but to obtain the levels of competency that we want, it will take at least 2 or 3 years.

Dr. MERRILL. I think the point here is that all of these professors must pass this test before they are given tenure. This year we are not reappointing three people because they were not adequate in communicating with students. It is unfortunate, but this is the heart of instruction.

If we cannot have good communications, it compromises the professor's ability to teach.

Dr. SCHUCHMAN. This is only one part of the test.

Senator COTTON. I am interested to know, were those three persons young, middle aged, or older?

Dr. SCHUCHMAN. It is mixed.

Senator COTTON. It would seem to me, as my wife reminded me at my age I cannot learn anything. I must expect to forget everything. I guess that is true, but it is difficult for me to comprehend why a man of intelligence, to be well-versed or have a doctorate, and reasonably young, at least not old, why he could not master the sign language in a period of years?

Dr. SCHUCHMAN. We are doing some studies on this. My personal feeling is that quite often it is a matter of attitude of the individual.

For an example, I know 2 years ago we recruited an individual in our social work department, and she is at least 60, and she managed. So I do not think age necessarily means that one cannot acquire this.

Senator COTTON. That is very encouraging.

It is suggested here by the chairman that the tabulation of the faculty pay should extend over the last 3 years, and it was my suggestion that you give the position and not the name.

Dr. MERRILL. We have that for the record here. (See pp. 1174 A and B.)

JOB PLACEMENT

Senator COTTON. Thank you. How much success have you had with job placement? Is there any on-campus recruitment?

Dr. MERRILL. Yes, sir. We do have on-campus recruitment. I have mentioned in my opening statement some of our placement records. We will give final figures on this year in September, but I understand it is going as well or better than the information given in this opening statement. We do find that it is difficult for our students to get positions, so we do not wait until the last minute to work at it. We have each year at least two meetings on our campus. One meeting is for personnel directors of large corporations, American Air Lines, companies of that size. Then we have a conference for all government employment people, and we take a full day for these conferences. The first part of the day is to acquaint the personnel directors with deafness, the advantages, assets, qualities of people that are deaf, as well as some of the limitations they may face.

The second part of the day is given over to actual interviews and to discussions of the needs of these personnel directors. We have emphasized this greatly during the past 3 years, and we are pleased with our success.

I think that we would compare favorably with any college for hearing students. I think we place more of our students. We have a better record. We have to work at it. It is not easy. You have to break down myths about deaf people. We receive very good cooperation.

Senator COTTON. What do you mean break down myths?

Dr. MERRILL. For example, a typical kind of turn off is we cannot use you, you cannot answer the telephone.

A person may have a great deal of ability and may be able to adapt himself in the job and work around the telephone problem. We have found this a number of times.

Senator COTTON. How do you do that?

Dr. MERRILL. I talk to deaf people all the time on the telephone. These are people that have succeeded. They have a secretary who also interprets, and they have speech, so I talk to them. The secretary hears it, signs to them and they talk back to me. In Washington there are over 300 teletype writers that are connected to telephones. So I call deaf people on the teletypewriter in my office daily. All you do is dial the number, put the phone in the cradle, punch a button on the teletypewriter, and it comes on, so you type back and forth to deaf people. It is a slight accommodation but it works well.

That is just an illustration of the way people sometimes dismiss the possibility of employing a deaf person without really letting him decide if he can handle the job and try it. This is all we ask.

So we do have an active placement department. The Civil Service Commission cooperates with us in our placement department. We have two counselors who are permitted to certify that a deaf individual can do a job. It is not necessary for him to take a civil service examination if he can be certified for doing a job in the Government, and we have two of our counselors who are approved for making that certification.

ATTITUDE OF THOSE HIRING

Senator COTTON. What do you find to be the attitude of most corporations about cooperating in trying to make use of the deaf?

Dr. MERRILL. There has been a change of attitude in, we are pleased to say, the last 2 or 3 years. I think part of this has come from civil rights legislation. The civil rights laws do not cover handicapping conditions, but they do relate to minority groups and women, and this feeling about fairplay and fair opportunities for employment has been accepted by large corporations.

I think the President's Committee on Employment of the Handicapped has given great visibility to the need for this. In England, they actually have a law that requires businesses of certain sizes to employ a small percentage of handicapped people. I would rather not have that kind of law. I would rather have this encouragement to let handicapped people try, and they will succeed.

Senator COTTON. On your campus you did not have any difficulties that other campuses had during the war when certain corporations that manufacture napalm and other things came up for recruitment and the student body ran them off the campus.

Dr. MERRILL. We had some feelings about those things, and we have a great deal of feeling about environmental concerns. Our students are very much engaged with these ideas, and have strong feelings about them. We had no actual problems or disruptions or things of this nature.

Senator COTTON. Some of those corporations, they did come however?

Dr. MERRILL. I do not remember. We did not have any problems in the recruiting business. I do not know if those concerns were represented, so I cannot answer your question specifically in that regard.

AN EFFORT AT SOCIAL INTEGRATION

Senator COTTON. What do you do—you have a fixed policy, or seem to, that the deaf people that come for training, the Gallaudet people, are made thoroughly cognizant of what is going on in the world so they do not get shut in. In other words, are you telling them about the Watergate?

All of these current events, all these developments, do they interest themselves, being Democrats, being Republicans?

In other words, what I am getting at, is there a fixed policy of alerting them to outside developments so they do not have a tendency to be shut in mentally?

Dr. MERRILL. Yes. I think your question is well taken, and we would not want our campus to be viewed as an island or anything of that nature. We make an effort. Of course, deaf students have drivers licenses and they come and go, and some now live off campus, so we do have an influx of people. We have some formal activities. We have what we call the Gallaudet Forum. We had the coach of the Redskins come in, George Allen, who spoke to our students.

Senator COTTON. How could he talk to them?

Dr. MERRILL. He talked through an interpreter.

The owner of the Post, Mrs. Graham, came down. We have Congressmen come down to see us. We also have closed circuit TV; we take a program and we caption it and rerun it, and it appears in dormitories and other places.

Senator COTTON. They watch television just the same as I watch foreign television?

Dr. MERRILL. Exactly right. You need to have the captions and they need to have the captions. We do that at Gallaudet College, and our request in this budget request is for additional positions that would help us caption more films. These, of course, can be distributed to other places as well.

Senator COTTON. Counsel calls my attention to the fact that Senator Magnuson was a commencement speaker last year.

Dr. MERRILL. Yes, sir.

Senator **Cotton**. Do you not think that I as the ranking Republican should ask for equal time?

Dr. **Merrill**. Yes, sir.

MAINTENANCE OF BUILDINGS

Senator **Cotton**. We are very concerned—this is Chairman Magnuson's question—we are very concerned about the deteriorating state of your facilities. You have asked for about $700,000 for preventive maintenance.

Is that amount going to be sufficient to do all the work that should be done?

Dr. **Merrill**. This is the amount that was estimated that would certainly take care of our most severe needs.

Senator **Cotton**. This is the amount that the Office of Management and Budget said you could estimate.

Dr. **Merrill**. We were asked to submit an estimate. This is the amount.

Senator **Cotton**. That you submitted to them?

Dr. **Merrill**. This was the amount of the request of the chairman, Senator Magnuson. He wanted to know the most urgent needs we have and we did submit this amount, and this was in the 1973 budget. This was the amount the House did not concur with.

Senator **Cotton**. Senator Magnuson.

LIST OF URGENT NEEDS

Dr. **Merrill**. Yes, sir. Senator Magnuson at that time asked us to submit a list of our most urgent needs. This would include such things as repair of roofs, removal of architectural barriers, and improvements to meet the District Code.

We have whole buildings that do not meet the code in several important respects, and this is all in this request. Of course, it was not concurred in by the House.

Senator **Cotton**. You are not supposed to volunteer the information, but I am privileged to ask it.

You submitted what you thought was necessary to Chairman Magnuson.

Dr. **Merrill**. Yes, sir.

Senator **Cotton**. I assume that you or the Counsel here passed it on to the Bureau of the Budget.

Did they approve of the amount that you asked Senator Magnuson for?

Mr. **Miller**. I think we are mingling 2 fiscal years although I may be wrong. It sounds as if after OMB had acted on the 1973 request, the Senate asked for a figure that was given directly to you, and I doubt that OMB got into it at all.

The next question that comes up is, is it in our 1974 budget, and did OMB approve it?

I think it is, but I had better turn it over to the witness.

Dr. **Merrill**. That amount is not in. There is an amount here that will help, $170,703. This would enable us to do some things that were on the original list.

Senator **Cotton**. Exercising reasonable frugality, how much did you want in excess of this $170,000?

Dr. **Merrill.** The original list was what we would really require. It was $637,000 specifically.

Senator **Cotton.** You are short about $530,000.

Dr. **Merrill.** In this budget, yes, sir.

Senator **Cotton.** What would you do with that $530,000 if you had it?

Dr. **Merrill.** Mr. Nance, I would like to call on you.

Mr. **Nance.** I can give you some illustrations of items: repair of roofs is badly needed, as is the waterproofing of the brick walls, the caulking of the brick walls, and exterior painting. There is a great deal that needs to be done to the interior mechanical and electrical systems in the buildings. For example, we know that it would cost about $750,000 just to update one building on mechanical and electrical needs.

Senator **Cotton.** What do you mean by mechanical?

Mr. **Nance.** Heating, air-conditioning, that sort of thing.

In other things, it would take $636,000 to $700,000 for several years to really get those buildings in shape.

Senator **Cotton.** You mean every year?

Mr. **Nance.** For several years to really get them in shape because we have a plant investment of roughly $25 million that has had very little maintenance over the past several years.

Senator **Cotton.** I am sorry. I missed the figure.

Mr. **Nance.** Approximately $25 million.

Senator **Cotton.** What are you going to do with $170,000?

Mr. **Nance.** We can do that much which would help some.

MAINTENANCE PERSONNEL

Dr. **Merrill.** We have it specifically here. There are 13 people. This would include some tradesmen, a stationary engineer, custodians and painters, people of this nature, to get us started on this.

Senator **Cotton.** This $170,000 is going to be used for personnel?

Dr. **Merrill.** Maintenance personnel. Some of this would be contracted.

Senator **Cotton.** You hire people to do it throughout the year?

Dr. **Merrill.** We would do both. We would have some jobs contracted and some we would hire personnel. We are falling behind in painting, and things of this nature.

Senator **Cotton.** Do you have any comment?

Mr. **Miller.** The only comment I would make also applies to the next appropriation. What happened in the budget process generally this year, everybody was scaled back. Generally the special institutions were scaled back by a money sum rather than by an identified area, and they chose to put such increases as they were able to afford into their academic program rather than construction, so construction has been cut back.

Senator **Cotton.** The policy in the last couple years has been anti-construction. This is not construction. This is just maintenance and safety.

Mr. **Miller.** There were increases, however, in the total budgets for these institutions.

Senator **Cotton.** It was all up to the institutions to decide?

Of course, quite expectedly, they preferred to put the money in the academic program rather than construction, because construction everywhere, as you say, is falling behind.

Why do you say that the preference be given to the academic programs?

It is not going to do much good to improve them if they are going to be burned up.

Mr. MILLER. I do not see it. I know Dr. Cheek. I talked to Dr. Cheek about it, and you know how Dr. Merrill feels toward the institution themselves.

Senator COTTON. This institution is unique in the sense—this school is a sacred trust to this committee. There is no partisanship on this committee. Senator Magnuson, the chairman and myself are coworkers. You do not find that in too many subcommittees.

Roughly $530,000 is desired for proper reconditioning and maintenance. What could you do if the committee gave you half of that?

HAZARDS

Dr. MERRILL. We would do the priority items. We would go to the roots first. Then we would go to violations of the code. We would go to the priority items first.

Senator COTTON. I am not sure that everybody is going—we are in the same situation as we were last year. So many, many worthy causes. Everything before this committee is worthy.

In addition to the $170,000, would it help materially if we just double the $170,000 which would be $340,000?

Dr. MERRILL. Yes, this would help a great deal.

Senator COTTON. Then you could progress a little faster.

Dr. MERRILL. Yes.

Senator COTTON. Are there actual fire hazards there today?

Dr. MERRILL. We do have our buildings inspected. We do have these reports. They point out things that should be improved, and so we are vulnerable. We have most students out of those buildings where they have said there is a fire hazard, but we still have violations of the code.

Senator COTTON. What use do you make of the buildings when you move the students out?

Dr. MERRILL. We put offices or put somebody else in there. One code makes one requirement for living quarters, another for offices. The people are not there at night and the danger is not there.

Senator COTTON. It is a little difference between the hazards of the deaf person and the normal person.

Dr. MERRILL. Yes, sir. In this request, we have a sum which will enable us to install new strobe lights in the dormitory. These will wake up a person. This is our fire warning system. Those lights will wake up a person while he is asleep.

Senator COTTON. A deaf person?

Dr. MERRILL. Yes.

Senator COTTON. You mean flashing in their eyes?

Dr. MERRILL. Yes, that is true.

We still have to check the rooms if there is a fire alarm because he might have his head under a blanket or a pillow, but you can turn your head to a wall, close your eyes, and if this light goes on behind you, you can see it. It is that powerful.

CONTINUING EDUCATION

Senator **COTTON**. How many people are involved in your adult education program?

Dr. **MERRILL**. Approximately 1,000 this year. This is one of our most successful programs. It is being shared with other colleges. Our students do take some courses in other places. We provide the interpreters and the note takers, so this is another way that our students and deaf adults get out and mingle with hearing people.

Senator **COTTON**. What is the overall need with respect to adult education?

Dr. **MERRILL**. The overall need is twofold. Adult deaf people are underemployed. They do not get jobs at the level of their abilities, and second, they do not get promotions the way other people do, and this is because for 100 years or more they have not had access to any continuing education beyond college or high school. So, like other people that do not have these opportunities, they do not do well in the marketplace.

So, Gallaudet has pioneered in setting up a continuing education program. It is rapidly being viewed as a program that could be used in other places. We have requests from Chicago, Dallas, Seattle and other large communities, to help them get started on this and to share our materials with them, and we plan to do this.

Senator **COTTON**. In other words, that is entirely separate. Gallaudet College is strictly a liberal arts college, but this is a separate activity.

Dr. **MERRILL**. Yes, sir; it is, and it involves not residential students, but people that have jobs during the day and have to take courses in the evening, and we are requesting here additional personnel for that program. It is part of our request. If we do that, we will not only be able to meet this need, but we will be able to help some other community get started with programs for the deaf adults.

EDUCATION OF THE DEAF POOR

Senator **COTTON**. Even though conditions in this city—which I suppose we must all admit—are still of a nature to be oppressive, and there are many unfortunate people, are the deaf children of the city's poor right in Washington? Are they getting attention now that they were not getting a decade ago?

Dr. **MERRILL**. We are reaching more of these children and this is reflected in the numbers of students there at the Kendall School. For example, 41 percent of these children have another handicap in addition to deafness. They might be deaf and have cerebral palsy. Furthermore, 38 percent of these children are from single parent families, 36 percent from lower income, poverty status families.

We are reaching these children and we bus them into the Kendall School. This school is making a tremendous difference in their lives. These students would be really lost. They would grow up, they would have no place to turn, and no one who understands them, and we feel that by going through the Kendall School, they have some choices that they would never have had before. They can move on to the Model Secondary School or they can go into on-the-job training and placements of that type, and make their living and be independent.

Senator **COTTON**. Thank you very much.

JUSTIFICATION

Senator COTTON. The justification for the budget request will be placed in the record at this point.

[The justification follows:]

Appropriation Estimate

For the partial support of Gallaudet College [including repairs and improvements][1] as authorized by the Act of June 18, 1954 (68 Stat. 265), [$15,082,000 of which $5,460,000 shall be for construction and shall remain available until expended: *Provided*, That if so requested by the College, such construction shall be supervised by the General Services Administration][1] *$10,492,000.*

Explanation of Language Change

1. Language has been deleted since no funds are being requested for construction.

Amounts Available for Obligations

	1973 Revised	1974
Appropriation............................	$ 9,486,000	$10,492,000
Subtotal, appropriation..................	9,486,000	10,492,000
Unobligated balance, start of year.......	3,296,000	----
Receipts from non-Federal sources........	1,698,000	1,614,000
Total, obligations............	14,480,000	12,106,000

Obligations by Activity

Page Ref.	1973 Estimate Pos.	1973 Estimate Amount	1974 Estimate Pos.	1974 Estimate Amount	Increase or Decrease Pos.	Increase or Decrease Amount
Operations:						
(a) College.............	432	$ 8,779,000	489	$10,114,000	+57	+$1,335,000
(b) Kendall Demonstration Elementary School..............	86	1,905,000	86	1,992,000	---	+ 87,000
Construction:						
(a) College						
(1) Planning & Site Development.....	---	606,000	---	----	---	- 606,000
(2) Buildings.......	---	3,172,000	---	----	---	- 3,172,000
(b) Kendall Demonstration Elementary School..............						
(1) Planning & Site Development.....	---	18,000	---	----	---	- 18,000
Total, obligations......	518	14,480,000	575	12,106,000	+57	- 2,374,000

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Grants, subsides, and contributions...........	14,480,000	12,106,000	- 2,374,000

Summary of Changes

1973 estimated obligations..	$14,480,000
1974 estimated obligations..	12,106,000
Net change..	- 2,374,000

	Base Pos.	Base Amount	Change from Base Pos.	Change from Base Amount
Increases:				
A. Built-in				
1. Operations				
(a) College				
1. Increase cost in bookstore operations and outside contract for food service......	4	$ 761,467	---	+$ 27,000
(b) Kendall Demonstration Elementary School				
1. Increase cost of student transportation and outside contract for food service...	---	103,000	---	+ 20,000

	Base		Change from Base	
Increases (Cont.):				
B. **Program:**				
1. Operations				
(a) College				
1. Improvement and enlargement of the instructional support programs....................	22	480,473	+10	+ 224,646
2. Expansion of the Continuing Education program for deaf adults......................	3	124,480	+ 7	+ 159,000
3. Enlarge the graduate and undergraduate instructional program and the sign language communication program.......	144	2,867,078	+12	+ 206,834
4. Faculty salary increases....	---	----	---	+ 252,514
5. Upgrading the preventive maintenance program for buildings...................	30	537,595	+13	+ 170,303
6. Enlargement of programs affecting student life on campus.....................	24	591,336	+ 5	+ 87,008
7. Expanding general administrative offices and institutional services to meet the growth of the institution.....	42	$ 803,269	+10	+$ 207,695
(b) Kendall Demonstration Elementary School				
1. Faculty salary increases.....................	---	----	---	+ 67,000
Total, increases............			+57	+ 1,422,000
Decreases:				
B. Program				
(a) College				
1. Planning and Site Development				
(a) Updating of the Master Plan	---	----	---	- 500,000
(b) Other projects	---	----	---	- 106,000
2. Buildings				
(a) Phase I in updating of campus-wide utilities	---	----	---	- 264,000
(b) Construction of the food service and health center, College portion	---	----	---	- 2,400,000
(c) Other projects	---	----	---	- 508,000
(b) Kendall Demonstration Elementary School				
1. Planning and Site Development				
(a) Kendall's facilities and related utilities	---	----	---	- 18,000
Total, decreases			---	- 3,796,000
Total, net change............................			+57	- 2,374,000

Explanation of Changes

Increases:

A. Built-in

1. Operations

(a) College

1. The $27,000 increase is requested for food service and bookstore operations. This increase is a result of higher contractual cost in the operation of the food service and also for additional cost in the day to day operations of the bookstore.

(b) Kendall Demonstration Elementary School

1. The $20,000 increase is needed for food and transportation services. These funds will enable Kendall Demonstration Elementary School to meet the predicted increase in contractural costs of both food and transportation.

B. Program

1. Operations

(a) College

1. The $224,646 increase is to improve and enlarge the instructional support programs so that conditions can be developed which will provide a stimulating and rewarding education for each student, and to participate in related research and development. In order to accelerate the development of this program, the College will require technical expertise in television services, graphic aides, photographic services, captioning, and audio systems. Instructors in linguistics and clerical personnel are also needed. $103,567 is necessary for ten new personnel in addition to $121,079 needed for normal materials, computer terminals, closed circuit television equipment, graphic art, photographic equipment, and amplification systems in order to make maximum use of the residual hearing of the hearing impaired.

2. The $159,000 increase is for further implementation of the continuing education program for deaf adults. The increase is for seven additional positions along with funds for support materials. The program will be enlarged from the current forty-one course offerings serving five hundred and eighty-four persons to sixty courses or classes serving 1,500 deaf adults.

3. The $206,834 increase is for seven new teaching-faculty, four support personnel, an Associate Dean for Research and normal instructional materials. The College must foster in its students the ability to effectively communicate their ideas as educated young men and women. One way of realizing this objective is to increase student-faculty contact through increased numbers of faculty. Our need for more faculty personnel is supported by the fact that nearly all faculty members teach a 12-credit hour class load which is the maximum load recommended by the American Association of University Professors; this does not include time spent on research, graduate study, student advisement, and faculty committee work. Additionally, opportunities must be provided in order to support research on problems of classroom instruction techniques, institutional operations, and problems of deafness.

4. The $252,514 increase for faculty salaries is essential for the College to be able to provide competitive salaries and opportunities for professional development in order to attract and retain a sufficient number of qualified faculty members. Because of the special skills required for teaching deaf

students, it is important that a small college such as Gallaudet be able to compete favorably with other accredited institutions of higher education in the hiring of faculty.

5. The increase of $170,303 is requested for partial upgrading of the preventive maintenance program for buildings. Thirteen additional personnel, including tradesmen, a stationary engineer, custodians, security officer, and general supplies are needed. With the present level of spending many of the buildings are deteriorating at an alarming rate. The preventive maintenance program will provide the College with a systematic approach to repair or replace inadequate physical facilities. In the process, it is important that we conform to existing building and safety codes and to provide physical facilities that are conducive to work and study.

6. The increase of $87,008 is needed to support student services. Five new personnel and additional supplies are needed in order to enable the College to take a more active role in identifying and focusing its attention on the needs of the student. It is very important for student services to assist deaf students to better understand themselves and to adjust to the problems of acceptance of self in relation to the society in which they live. Probably never in the past have students been so aware of, and interested in this outside society. Helping young people to understand and cope with local, national, and international affairs is truly an important responsibility.

7. The increase of $ 207,695 is needed to expand general administrative offices and the general institutional services due to the growth of the College. The administrative office request is for $26,745 which will provide for one additional position and necessary supplies and materials. The general institutional request of $154,781 will provide funds for better communication between the public, the alumni, the deaf community, and the College. These funds will also provide additional staffing needed in accounting and purchasing in order to implement important U. S. General Accounting Office audit recommendations. Of the $ 207,695 , $29,169 is to provide necessary financial aid to assist students in obtaining an education at Gallaudet. These funds are needed to provide deserving students with financial aid when state vocational rehabilitation offices are unable to do so.

(b) Kendall Demonstration Elementary School

1. The $67,000 increase for faculty salaries is needed to provide for a 5% pay increase. Because of the special skills required for teaching young deaf children, it is important that a school such as Kendall Demonstration Elementary School provide the necessary salaries to retain good qualified professionals.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation Requested
"An Act to amend the charter of the Columbia Institution for the Deaf"	Indefinite	$10,492,000

An Act to amend the charter of the Columbia Institution for the Deaf

Sec. 8. There are hereby authorized to be appropriated such sums as the Congress may determine necessary for the administration, operation, maintenance, and improvement of Gallaudet College, including sums necessary for student aid and research, for the acquisition of property, both real and personal, and for the construction of buildings and other facilities for the use of said corporation.

(D. C. Code 31-1032) Enacted June 18, 1954, P. L. 420, 83rd Congress, Sec. 8, 68 Stat. 266.

Legislation

"An Act to modify and enlarge the authority of Gallaudet College to maintain and operate the Kendall School as a demonstration elementary school for the deaf to serve primarily the National Capital region, and for other purposes."

Sec. 3. (a) There are authorized to be appropriated for each fiscal year such sums as may be necessary for the establishment and operation, including construction and equipment, of the demonstration elementary school provided for in section 1.

(b) Federal funds appropriated for the benefit of the school shall be used only for the purposes for which paid and in accordance with the applicable provisions of this Act.

(Public Law 91-587, 91st Congress, S. 4083 December 24, 1970, 84 Stat. 1579)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$4,616,000	$4,616,000	$4,741,000	$4,741,000
1965	2,293,000	2,255,000	2,293,000	2,293,000
1966	2,609,000	2,609,000	2,685,000	2,685,000
1967	2,557,000	2,557,000	2,612,000	2,612,000
1968	5,115,000	5,115,000	5,301,000	5,115,000
1969	4,460,000	3,691,000	3,691,000	3,691,000
1970	5,305,000	5,305,000	5,619,000	5,619,000
1971	7,150,000	6,870,000	7,225,000	7,097,000
1972	12,755,000	11,610,000	13,371,000	13,371,000
1973	9,486,000			
1974	10,492,000			

Justification

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..............	518	$ 8,135,630	575	$ 9,191,986	+57	+$1,056,356
Other expenses..............	---	6,344,370	---	2,914,014	---	- 3,430,356
Total.................	518	14,480,000	575	12,106,000	+57	- 2,374,000

General Statement

Gallaudet College, established by an Act of Congress in 1857, has as its purpose to provide for the education and training of deaf persons and otherwise to further the education of the deaf (Public Law 420, 83rd Congress-charter revision). The College, accredited by the Middle States Association of Colleges and Secondary Schools is governed by a recently expanded Board of Directors (Public Law 415, 90th Congress) and has always received substantial financial support from the Federal Government.

The major portion of the specific goals for fiscal year 1974 is to implement several of the recommendations set forth in the 1970 New Era report. They are: "(1) Gallaudet College needs to improve vastly the technological and environmental setting of learning on the campus. Special attention should be given to the study and improvement of the visual environment, for deaf students are dependent upon vision of all aspects of learning. Substantial increases should be made in the technological support of communication and learning. (2) Through an expanded program of educational services, Gallaudet College should make available to deaf adults - individually and in groups - a wide variety of materials, activities, programs, institutes, and special services. The College should pursue its adult educational program for the deaf through schools, clubs, alumni groups, and other organizations. The adult education program should provide education for self-understanding and fulfillment, for basic citizenship and effective functioning as a member of society, for increased effectiveness in one's occupation or vocation, and for leadership in civic affairs. (3) The Graduate School should develop curricula which will meet other personnel needs of schools, agencies, and organizations serving the deaf. Some consideration should be given to establishing curricula for preparing counselors, school psychologists, social workers, and other specialists (media, language, and interpreters.) Both deaf and hearing students should be enrolled in this curricula with the exception of those courses requiring hearing, such as audiology. The two-year curricula for the master's degree should be more flexible and inservice programs, short courses, and summer courses should be offered. Curricula for preparing professional personnel should employ performance criteria in addition to academic measures for achievement. (4) Gallaudet College should revamp conditions of employment of the faculty, rewarding the faculty increasingly in the line with preparation experience, achievement, and performance. Especially should Gallaudet College offer salaries which are more competitive, which offset the stresses of work in an urban setting, and which reward the use of unusual skills such as the simultaneous method of communication with students. Gallaudet must have funds for salaries in order to recruit needed professionally trained personnel and at the same time be in a favorable position of retaining those with advanced degrees that have been previously recruited.

High on the list among the College's goals for FY 74 is the need to improve the maintenance of the institution's physical facilities. This year the College has been pursuing the reversing of the trend of building and equipment deterioration.

By an Act of Congress, Public Law 91-587, the College has the authority to operate the Kendall School in the national capital region. The school will develop an exemplary education program for children from the age of the onset of deafness through the age of 15 and become a source of important research on learning problems of young deaf children.

The increases in the Kendall School in fiscal 1974 represent funds to maintain faculty salaries and to provide for the built-in increases in food and transportation constructual cost.

The specific goals for FY 74 reflect some of the long-range priorities of the College's and Kendall's total needs. The major goals for fiscal year 1974 by priority are: (1) substantial improvement of Educational Technology, (2) upgrading physical facilities, (3) support for continuing education, (4) expansion of graduate school, and (5) maintenance of faculty salaries. Gallaudet College is the world's only liberal arts college for the deaf and the only institution of higher education in the United States that is designed exclusively to serve the needs of deafness. As such, the College Board of Directors has determined that it should assume a leadership role in attempting to meet the unfilled needs in the nation in the area of deafness.

Operations

College

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits............	432	$6,693,965	489	$7,683,321	+57	+$ 989,356
Other expenses............	---	2,085,035	---	2,430,679	---	+ 345,644
Total...............	432	8,779,000	489	10,114,000	+57	+ 1,335,000

This activity includes obligations for instructional programs in the Undergraduate College, Graduate School, Preschool, Summer School, the Library, Public Services, Continuing Education, Research and for Student Aid. Also included in the activity are the request for administrative officers, business management, support and student services. The request covers salaries for departmental chairmen, teaching staff and staff personnel, office and laboratory expenses, equipment and other general institutional expenses pertinent to the operations of the College.

The requested increases under this activity by functional area for 1974 are:

Functional Area	Obligations	
	Pos.	Amount
1. Instruction and Departmental Research......	12	$ 440,348
2. Organized Activities Related to Educational Departments, Research, Public Services, Library..................................	10	224,646
3. Student Services..........................	4	72,062
4. Operation and Maintenance of Physical Plant.	13	156,303
5. General Administration.....................	1	26,745
6. General Institutional......................	9	183,950
7. Auxiliary Enterprises......................	1	68,946
8. Continuing Education.......................	7	162,000
Total.................................	57	1,335,000

The 1974 request provides funds for upgrading teaching and non-teaching faculty salaries. Because of the special skills required in the teaching of deaf students, it is important that the College be able to compete favorably with other accredited institutions of higher education. This increase in salaries will enable the College to remain competitive with other colleges in the area and will provide the institution with the opportunity to attract and retain qualified personnel. Faculty salary increases are primarily for instruction and departmental research since most of the faculty are included in this function. The distribution of the faculty salary increase of $252,514 by function is as follows: (1) instruction and departmental research - $233,514 (2) student services $11,510, (3) general administration $3,000, (4) auxiliary services $1,490, (5) continuing education $3,000.

1. Instruction and Departmental Research: $440,348 ($233,514 faculty salary increase, $163,450 new positions and $43,384 other expenses). The gap that exists between educational opportunities for the hearing and the hearing impaired is great. We must foster in our students an ability to effectively communicate their ideas as educated young men and women. One way of realizing this objective is to increase faculty-student contact through increased numbers of faculty. Our junior-senior courses have small enrollments but the preparatory, freshman and sophmore courses have enrollments as high as twenty students which is intolerable in a classroom for hearing impaired students. The attrition rates for the preparatory, freshman, sophmore students run to approximately fifty percent for the entering classes. Thus, the present faculty-student ratio cannot continue without irreparable harm to deaf youngsters. It is essential for the College to be able to provide competitive salaries and opportunities for professional development in order to attract and retain a sufficient number of qualified faculty members. Additionally, opportunities must be provided in order to support research on problems of classroom instruction techniques, institutional operations,

and problems of deafness. Support is also needed for our students who take courses off campus. Gallaudet, an associate member of the Consortium of Universities, should actively participate in this worthwhile program. To do so, our students will require support services including interpreting, notetaking, tutoring and enrichment programs. Through the Consortium, Gallaudet students will get much needed exposure to other campuses, thereby enhancing adjustment to the world of work after graduation. Such exposure will have positive effects in developing public attitudes toward deafness. Also, this program can attract hearing individuals to the Gallaudet campus and interest them in careers and research in the field. Another vital request is for financial support for the Tutorial Center. The Tutorial Center is responsible for helping students to overcome basic educational deficiencies arising from their physical handicaps along with supplying students with academic help in specific college preparatory courses.

2. Organized Activities Related to Education Departments, Research, Public Services, and Library: $224,646 ($103,567 new positions and $121,079 other expenses including equipment)--Educational Technology's primary role is to develop conditions which will produce a stimulating and rewarding education for each student, and participate in related research and development. The purpose of this department is quite consistent with the charge of the New Era report that the College "improve vastly the technological and environmental setting of learning on campus." In view of the problems our students have in language development, this function must place particular emphasis upon the establishment of conditions which foster the acquisition of the English language and which support communication in English by all available media and among all members of the College community. It is essential that the Office of Educational Technology be sufficiently funded in order to design and implement a variety of education support programs, including a validated English language development program. Television, as a major medium, must be exploited as part of the language development program. Captioning in a variety of forms is believed to provide a vehicle which can be used to build a significant body of experience which ties observations of phenomena to printed symbols related to the phenomena. Studio TV services, portable television, and semi-portable television must be available to faculty and students. Graphic aids and photographic services are necessary to support the language development programs and the individual teaching efforts of the faculty. Amplification systems must be installed which will accommodate all audio inputs to the hearing impaired student. Educational Technology holds great hope and promise for the deaf and its development and implementation must be accelerated. The nature of the handicaps and the size of the deaf population, both on and off campus, is such that it is important for the College to provide leadership for research in the area of deafness. Additional funds are needed to support research on problems of classroom instruction techniques, institutional operations, and problems of deafness. There is a need to describe, evaluate and improve classroom communications, methods of teaching, language of skills, instructional materials, and measurement of achievement and attitude. Adequate financial support will enable the College to truly fulfill its role as a multipurpose institution by meeting some of the more pressing needs of the deaf.

3. Student Services: $72,062 ($11,510 faculty salary increase, $38,988 new positions and $21,564 other expenses) It is very important for Student Services to assist students to better understand themselves in relation to the society in which they live. Helping young people to understand and cope with local, national, and international affairs is truly an important responsibility. Gallaudet must have a sufficient number of professional staff personnel to assist students in attaining maximum fulfillment and success in their lives. Presently, the Counseling and Placement staff is operating at approximately a 1:145 counselor-student ratio. This figure is much too high to permit optimal development of a full range of programming for student needs. A better ratio of 1:60, which would allow for expansion of such critical services as orientation, rehabilitiation liaison, evaluation and testing, career

guidance, national outreach placement, and research into social and adjustment problems of deaf students and adults. With additional positions, the College can take a more active role in identifying and focusing attention on the needs of students.

4. Operations and Maintenance of Physical Plant: $156,303 ($117,257 new positions plus $39,046 other expenses) The present physical plant consist of 34 buildings having approximately 826,00 gross square feet of floor space. The buildings some of which are over 100 years old, have a book value of approximately $20,000,000. In order to preserve and maintain the buildings, it is necessary to upgrade the preventive maintenance program. With the present level of spending, many of these buildings are deterioating at an alarming rate. The economics that can be realized over the long term is substantial when buildings are being maintained at an adequate level and defects corrected immediately rather than permitting the natural elements and obsolescence to accelerate the repair problems. Funds are necessary now in order to begin on a moderate scale of reversing the deterioation trend.

5. General Administration: $26,745 ($9,777 new position, $3,000 faculty salary increases plus $13,968 other expenses) The administration has endeavored to respond to the challenge of becoming a multipurpose institution. However, additional financial assistance must be received to meet the new demands and opportunities resulting from Gallaudet's changing role as a multipurpose institution.

6. General Institutional: $183,950 ($83,691 new positions $29,169 student aid and $71,090 other expenses) The services rendered have been greatly increased during the past few years, however, the level of funding has not been commensurate with the increased output. Particular attention must be focused on enabling the institution to develop and implement a computer-assisted short and long range planning capability. Concomitant with this is the need to improve the clarity, utility, and timeliness of financial reporting throughout the institution. It is important for the various offices of the campus to receive necessary financial information in order to make sound decisions. Greater attention must be given to the many world-wide visitors that come to Gallaudet so that they will be more fully acquainted about deafness along with sharing with the deaf community information about the expanding programs available to them. A Diffusion Center which would provide information, materials and other resources would serve this purpose and would permit the College to increase its limited service in this area.

7. Auxiliary Enterprises: $68,946 ($1,490 faculty salary increases, $8,805 new positions plus $58,651 other expenses) The College constitutes a reasonably self contained community which strives to provide its students with facilities and services that are commensurate with quality education. Because of the rapid changes in the life style of students it is important to provide student life programs that will enable students to cope with these changes. The residence hall staff must be enlarged and trained both before and during employment, so that they can be a positive factor in the student's college experience. Our residence halls must be maintained in an acceptable manner in order to provide our students with living conditions that are conducive to learning. It is highly desirable to protect the residence halls by introducing a very systematic preventive maintenance program. Also, because of increased cost, the bookstore, and food service program must be expanded.

8. Continuing Education: $162,000 ($84,138 new positions, $3,000 faculty salary increase plus $74,812 other expenses) Basic planning objectives for the Fiscal Year 1974 call for the continuation of a local program of up to sixty courses or classes with a service goal of 1,500 deaf adults involved in continuing education activities; evaluation of program activities and modifications to the existing operations; continued research and development for a program to be used as a

model in other areas; testing of materials produced for adult basic education; and the development of various curricular and support materials to be used in the local program.

Operations

Kendall Demonstration Elementary School

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits..............	86	$1,441,665	86	$1,508,665	-	+$ 67,000
Other expenses..............	--	463,335	--	483,335	-	+ 20,000
Total.	86	1,905,000	86	1,992,000	-	+ 87,000

The requested increase for operations for FY 1974 is to maintain the objectives set forth in 1973. Basically they are: (1) to reach an adequate standard in the instruction program through more effective utilization of presently employed teaching faculty by providing supportive personnel such as teacher aides, staff assistants, material and curriculum development specialists and technical staff for media production and maintenance. (2) To develop a comprehensive special services program in the area of student counseling, family and community services, clinical diagnostic service including audiology, needs assessment; and program evaluation. (3) To complete the conversion of the educational program to a twelve month school year; (4) To develop an effective administration system to enable the school to implement its program. (5) To upgrade the Kendall School faculty by hiring professionals with more experience and with higher level of expertise and to maintain a competitive salary schedule.

To maintain these objectives funds are needed to provide built-in increases ($20,000) for food and transportation contractual costs. Also funds are needed to make provisions for annual faculty salary increases and promotions. An increase of $67,000 is requested to provide a 5% increase in faculty salaries.

Construction

College

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Other expenses...............	---	$500,000	---	---	---	-$500,000
Total	---	500,000	---	---	---	- 500,000

A construction program designed to replace ageing buildings and provide modern facilities to accommodate increased enrollments was instituted in 1956. Full financial support for the erection of a number of our buildings and alterations and repairs to the existing physical plant has been provided by the Federal Government.

Planning and construction projects in progress will be continued in 1974. The Master plan which was originally developed in 1968 will continue to be updated and revised to include the College, the Continuing Education Program, the Kendall Demonstration Elementary School, the Model Secondary School for the Deaf. This plan will ascertain the universe of educational needs of the deaf , the gap between these needs and existing programs to satisfy the needs, and Gallaudets' role in helping to close the gap of these needs.

The construction of the food service will be continued. This facility will be shared with MSSD and will provide central kitchen facilities but separate dining halls for the two components of the institution. The construction of the health center, which will also be shared by MSSD, will be continued. This facility will provide space for physicians to conduct clinical treatment and space for visiting physicians to conduct special studies related to deafness.

Program Purpose and Accomplishments

Activity: Operations - College

1973 Available Appropriations		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
432	$7,081,000	Indefinite	490	$8,500,000

Purpose: The College operations activity is responsible for instructional programs in the Undergraduate College. Graduate College, Preschool, Summer School, the Library, Public Services, Continuing Education, Research and for Student Aid. Also included in this activity are the administrative offices, business management, support and student services.

Explanation: The obligations for this activity include salaries and benefits for departmental chairmen, teaching staff their supporting staff office and laboratory expenses, travel, equipment and other departmental expenses in order to effectively prepare hearing impaired students for their role in the world of the hearing.

Accomplishments in 1973: Faculty salaries will be improved in order to remain competitive with other institutions of higher education in the Washington Metropolitan Area. Additional professional curriculum will be provided for graduate students in order to provide for more social workers, therapists, psychologists, counselors and other professionally trained persons. The College will expand its Counseling and Placement Center to meet the wide range of counseling needs. Student services will be expanded and improved and student aid for needy students will be increased. A start will be made in bringing the latest technological advances to the institution to assist our students in learning.

Objectives for 1974: Since Gallaudet has established a reputation as being a multipurpose institution, the demands have become ever increasing. Financial support is needed to continue existing services and to implement new programs. The office of Continuing Education requires additional funding if it is to continue providing educational opportunities for deaf adults in the community. Furthermore, personnel are needed to establish models in order to implement research project.

Because our students rely primarily on visual stimuli in the learning process, substantial improvement and expansion is essential in the area of educational technology. Greater utilization of computers, televisions, photographic equipment, amplification systems, etc. will enable us to expand our educational support programs.

We must also provide an overall environment conducive to learning. The physical facilities on campus have deteriorated over the years and therefore must be restored and maintained.

Also, funds are needed to provide instructional and student service departments with additional staffing, equipment, and materials. There is a drastic need to increase faculty staffing and to provide competitive salaries and opportunities to maintain and attract specialists in deaf education. With this in mind, by expanding the graduate school we can develop the qualified professional staff that is so vitally essential in realizing our objectives while at the same time, offer future professional opportunities to our students.

Activity: Construction, Planning and Site Development - College

1973 Available Appropriations		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
---	$500,000	Indefinite	---	---

Purpose: This construction activity provides planning for new construction and site development necessary for the needed expansion of the College and for steadily increasing enrollment.

Explanations: Obligations for this activity are for construction planning for housing students, planning for replacement of inadequate utilities systems, and for planning for other facilities and structures necessary for the expansion of the College.

Accomplishments in 1973: The master plan including the College, the Continuing Education program, the Kendall Demonstration Elementary School and the Model Secondary School for the Deaf was revised and updated.

Objective for 1974: The updating and revision of the Master plan will be continued. This updating and revision will include Gallaudet's role along with other institutions, in meeting the educational needs of the deaf. Gallaudet Program requirements to meet these needs will be reviewed and revised. This updating and revision will also include details for space assignements by function, schematic drawings of projected buildings and cost estimates, as well as the overall physical plant layout at various stages as it relates to program requirements, projected enrollments and the various publics who have an interest in the education of the deaf.

Activity: Operations - Kendall Demonstration Elementary School

1973 Available Appropriations		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
86	$1,905,000	Indefinite	86	$1,992,000

Purpose: This activity is responsible for carrying out the mandate of Public Law 91-587 to convert the present Kendall School into a demonstration elementary school for deaf children residing in the Washington Metropolitan Area.

Explanation: The obligations for this activity are divided into the following major functions: instruction; student and family services; innovation and demonstration; and general administration. Within each of these functions, obligations include salaries and benefits for personnel, general supplies and materials, travel, reproduction, equipment and departmental expenses.

Accomplishments in 1973: Major accomplishments during 1973 include: a) Administrative and staff reorganization to improve services to teachers and students; b) Conversion to 12-month school year; c) Implementation of open space instructional approach with 44 primary students; d) Hiring qualified professionals and improving faculty salaries; e) Development of the Kendall Demonstration Elementary School educational program, based on objectives, materials, and recording mechanisms; f) Classroom management in-service program for all teachers and paraprofessionals; g) Needs assessment of Kendall Demonstration Elementary School parents and a program to alleviate parent needs; h) All students received a comprehensive audiological evaluation; and i) Conversion to a new budgeting system based on fuctions.

Objectives in 1974: Funds requested are to improve faculty salaries and to cover increased cost for food and transportation services.

Total Enrollment for Fall Semester

Persons Served

Fiscal Years of 1972, 1973, and 1974

	1972 Actual	1973 Actual	1974 Estimate
I. Full-Time			
Graduate	64	88	115
Undergraduate & Preparatory	996	927	926
Kendall School	165	175	175
Preschool	35	38	40
II. FTE of Part-time [1]			
Continuing Education	66	85	110
Graduate	4	17	17
Undergraduate & Preparatory	8	7	---
	1,338[2]	1,337[2]	1,383 [2]

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[1] Conversion factor to full-time equivalent: graduate, undergraduate, and preparatory, Kendall School, and preschool: 3 part-time students equal 1 FTE; Continuing Education - 10 part-time equal 1 FTE

[2] In addition Gallaudet provides a sign language program as a public-service to the Washington metropolitan area. Instruction includes basic, intermediate, advanced, and interpreter-level sign language communication. A slight fee is charged in order to support the program. This program served 200 students in 1971-1972, 325 in 1972-1973 and an estimated 350 in 1973-1974.

Analysis of Financing

	1972 Actual	1973 Estimate	1974 Estimate
Non-Federal Income:			
1. Tuition................	$ 445,000	$ 504,000	$ 517,000
2. Other Sources..........	30,000	30,000	30,000
3. Auxiliary Enterprises..	1,033,000	1,164,000	1,067,000
Total Non-Federal Income	1,508,000	1,698,000	1,614,000
Federal Appropriations..........	13,371,000	9,486,000	10,492,000
Total..................	14,879,000	11,184,000	12,106,000

Howard University

STATEMENT OF DR. JAMES E. CHEEK, PRESIDENT

ACCOMPANIED BY:
- DR. CARLTON P. ALEXIS, VICE PRESIDENT FOR HEALTH AFFAIRS
- DR. CHARLES S. IRELAND, HOSPITAL DIRECTOR, FREEDMEN'S HOSPITAL
- DR. ANDREW BILLINGSLEY, VICE PRESIDENT FOR ACADEMIC AFFAIRS
- DR. ROGER D. ESTEP, VICE PRESIDENT FOR DEVELOPMENT AND UNIVERSITY RELATIONS
- DR. CASPA L. HARRIS, JR., VICE PRESIDENT FOR BUSINESS AND FISCAL AFFAIRS—TREASURER
- DOROTHY H. BAYEN, BUDGET DIRECTOR
- AUGUSTUS L. PALMER, ASSISTANT TREASURER, HOWARD UNIVERSITY AND COMPTROLLER, FREEDMEN'S HOSPITAL
- CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET

INTRODUCTION OF ASSOCIATES

Senator COTTON. The last item before the subcommittee today is the budget request for Howard University. Dr. Cheek is before us today to discuss the request for $57.9 million to operate the university, including Freedman's Hospital.

Doctor, we welcome you here. Would you care to introduce your associates and then proceed with your statement?

Dr. CHEEK. Thank you, Mr. Chairman.

I have Dr. Caspa Harris, vice president for business and fiscal affairs and treasurer of the university; Dr. Carlton P. Alexis, vice president for health affairs; Dr. Andrew Billingsley, vice president for academic affairs.

BUDGET REQUEST

Mr. Chairman, on behalf of the Howard University board of trustees, its faculty, and student body, I am pleased to have this opportunity to present the 1974 budget request.

During the past 4 years of my administration, it has become increasingly clear to me that the resources available at Howard University are not adequate to perform the task of providing quality education to students enrolled in a complex university that has been considered one of the major institutions in the Nation. In order to assess adequately our deficiencies, my administration has, during the past year, developed a comparative study with 11 major American universities of comparable size, scope, and complexity that have similar course offerings and serve a comparable student population. The only significant difference between these institutions and Howard

University is the fact that their student bodies are predominantly white, while the student population at Howard is predominantly black. In addition, many of these universities also receive substantial financial support from the Federal Government.

EVALUATION STUDY

The results of this study—soon to be released—reveal that Howard's resources, based on data for the 1969–70 fiscal year, fall far below the average or median in all categories of resources adequacy that are commonly used in determining the quality of an institution's program from the standpoint of its financial, human, and physical resources.

In a number of critical areas, Howard's resources are so far below the average or median that an almost 100-percent increase would be required in order for the university to catch up with the average level of resources represented by this group of selected, but representative, comparable universities.

While the university does not expect to eliminate the total deficiencies in any one fiscal year, it is required that we work diligently toward this goal over a reasonable period of time.

TEN-YEAR DEVELOPMENT PROGRAM

In order to correct the inequities that currently exist in inadequate physical, financial and human resources, the university will shortly begin its 10-year development program to meet these objectives and to seek assistance from alumni, friends, corporations, foundations, other private sources, as well as added assistance from the Federal Government.

In comparing the resources available to Howard with the resources of comparable universities, the fundamental concern is that of the quality of higher education for Howard's students.

Despite the progress made over the past 10 years in bringing about access of higher education to more black Americans in more colleges and universities, the facts remain: (1) that black Americans are tremendously underrepresented in the enrollment of students of higher education generally; (2) that predominantly white institutions now claiming great increases in entering enrollments of black students cannot show comparable success in graduating these students, and (3) that Howard remains the only truly comprehensive university in the Nation with the education of black youth as its major mission, while at the same time providing educational opportunities to white youth to an extent far greater than any white university is providing such opportunities for black young men and women.

To state the matter another way, despite the purpose and mission for which Howard was founded and on which the Federal support of Howard is based, namely, to accelerate the educational opportunities of black Americans, Howard, in the face of gross inequities in the educational opportunities for blacks, has been the one institution in the Nation that has dilegently tried to meet the needs of its constituency and the mandate of its origin, while simultaneously trying to accommodate the needs of all students without regard to race, religion, sex, or national origin. No other institution of higher learning with a national and international constituency can match Howard's performance in this regard in democratizing American higher education.

BUDGET REQUEST

For fiscal year 1974, we are requesting $42,948,000 for the university's academic program and $14,925,000 for partial support of the operation of Freedmen's Hospital. We are not requesting any funds in fiscal year 1974 for the construction program. In view of the university's total needs, and especially in view of its documented deficiencies, we view this request as rather modest. Nevertheless, it will enable us to make significant progress toward our goals.

The increase of $7,400,000 requested for the academic program includes provision for faculty salary increases; funds for the improvement of the university's library system; an amount to continue the ongoing development program; partial support of our retirement program and funds for additional teaching and staff positions, as well as some increases for equipment, supplies and materials in 13 schools and colleges.

The level of funds we are requesting will enable the university to improve its present operations, to make significant improvements in the areas of gross deficiencies and to begin to meet our commitment for producing needed manpower for the Nation in the critical areas of graduate and professional training.

Mr. Chairman, I am prepared to answer specific questions concerning our 1974 request and would like to thank the committee for its past assistance in the continued development of Howard University.

Senator COTTON. Thank you, Dr. Cheek.

FACULTY SALARIES

On page 4 of your statement, you outline the purposes for which you intend to use this amount, if it is appropriated for you. The program includes provisions for faculty salary increases?

Dr. CHEEK. Yes.

Senator COTTON. How do the salaries of your faculty, taking into consideration their rank and experience and all the other qualifications that are taken into consideration in every college—how do they compare with the faculty salaries in other colleges around the country?

Dr. CHEEK. Mr. Chairman, as you know, the American Association of University Professors publishes annually a report which gives the averages for, I think, approximately 1,500 colleges and universities by rank.

Senator COTTON. There was a word used by Dr. Merrill, in the first decile.

Dr. CHEEK. Universities in category 1—that means complex universities that offer the doctorate degree in a number of unrelated areas—for 1972–73, step 1, which is the 80th decile, but not the 90th or the 95th, Howard at the rank of professor was deficient by $3,310; at the rank of associate professor, we were below the average, step 1, by $1,100; at the rank of assistant professor, we were below the average by $470; and at the level of instructor, we were below the average by $1,470.

Senator COTTON. You confuse me a little bit, because I am still out of my depth on this decile, being a new word added to my vocabulary. He was talking about the first decile, and you are talking about the 50th or the 60th decile.

Dr. CHEEK. I will explain it to you by showing you the AAUP report. I do not want to contradict Dr. Merrill, but the actual language that is used by the AAUP is that they have what they call steps; they have the step with an asterisk, which is the 95th percentile. They call it decile distribution of average compensation. It is listed here.

Step 1, if you look at the note at the bottom, is in the 80th percentile.

Senator COTTON. I see.

Dr. CHEEK. So the decile distribution is the division into fifths, really.

Senator COTTON. When he was talking about the first decile, he was rather loosely using the term.

Dr. CHEEK. That is right. It was the first step, or step 1.

Senator COTTON. First, this increase of $7,400 that is the request approved by the Office of Management and Budget?

Dr. CHEEK. That is correct.

BUDGET SUBMISSION TO OMB

Senator COTTON. How much did you ask them for?

Dr. CHEEK. Mr. Chairman, I do not want you to go out of the seat when I tell you.

Senator COTTON. We always start trouble when we ask that question. But I think the committee is entitled to know.

Dr. CHEEK. The amount that we originally asked for was $132,944,000. The allowance of HEW was $77,790,000. The OMB allowance was $57,873,000. The amount denied by OMB was $19,917,000.

Senator COTTON. The $7,400,000 was the amount of increase allowed?

Dr. CHEEK. That is right.

Senator COTTON. You have been giving me the total figures?

Dr. CHEEK. Yes. The amount of increase that we requested was actually, originally, $82,471,000. I should note that the HEW allowance for an increase was $27,317,000. That is what HEW approved.

Senator COTTON. And the Office of Management and Budget cut that?

Dr. CHEEK. They cut that by $19,917,000.

FUNDS FOR LIBRARIES

Senator COTTON. Before we continue that, you have told us about the necessity of the faculty salary increase. Now, the second is funds for the improvement of the university's library system. The whole budget did not have anything for libraries or anybody, did it, Mr. Miller?

Mr. MILLER. It has no funds in the Federal grants for libraries. That is right, Mr. Chairman.

Senator COTTON. In other words, it was not just Howard University that was out?

Mr. MILLER. The way we reviewed the budgets for Gallaudet and Howard on construction falls somewhat within a different framework. I guess we operate more as a State would, reviewing the requests of their institutions; we would be more likely to allow funds, I think, because there is no other source for these special institutions to turn to, whereas the other institutions that receive grant funds from the Federal Government do have other sources.

Senator COTTON. I am referring to page 15 of the all-purpose table, which shows, for instance, that under library resources, first public libraries, in 1973, $32,917,000; 1974, zero.

Mr. MILLER. I agree, then, we have no money in for grants.

Senator COTTON. School library resources, $19 million in 1973, 1974, zero; college library resources, $10,500,000 in 1973 and zero in 1974. Librarian training, $3 million in 1973, nothing in 1974. Library demonstrations, $1½ million in 1973, zero in 1974. And the subtotal shows, in 1973 the total for library facilities, both public and educational institutions, $137,738,000; and the recommendation for 1974 is zero for the whole thing.

So you really cut libraries out of this.

Mr. MILLER. The point I was making, one of the rationales for cutting it out is that public institutions, other public institutions, presumably have other funds to turn to, including State and local funds. Howard can, essentially, only turn to the Federal Government, although they do have private fundraising. The only place they have got to go for public money is the Federal Government. So we also act as a State and local government in reviewing their budget.

Senator COTTON. In 1972 you had $161,209,000 for libraries, and the Congress, the House and Senate, raised that to $247 million, and the bill was vetoed.

Dr. Cheek, is it your intention to use some portion of that $7,400,000 if it is all you get, to use some portion of it for library systems?

Dr. CHEEK. We propose to use $750,000 for the library.

Senator COTTON. $750,000 of $7,400,000?

Dr. CHEEK. Right.

Senator COTTON. That shows the importance that you attach to the library, that you consider it essential?

Dr. CHEEK. I can elaborate a little bit, Mr. Chairman. Two years ago, Howard was admitted into the Association for Research Libraries, which is an organization that contains 78—with the admission of Howard—major universities that are considered research universities. On all of the categories by which the Association of Research Libraries ranks university libraries, Howard's library ranked 78th out of 78 institutions. In other words, we were at the bottom in all areas.

FUNDRAISING PROGRAM

Senator COTTON. And the amount to continue the ongoing development program—just in a few words, what is that?

Dr. CHEEK. That is the fundraising program that the committee helped us to establish the first year that I was in office, in order that we could raise funds from alumni, from corporations, foundations, to augment the appropriations from the Federal Government, and also to carry on professional programs of short- and long-range planning for the university.

Senator COTTON. Do you have a regular program in continuing of trying to raise those funds?

Dr. **Cheek**. Yes.

Senator **Cotton**. Are those funds devoted primarily to the academic side of the university, or for the aid of the students or for development of plants and equipment?

Dr. **Cheek**. It is both. We have received very little for physical plant development. The alumni generally tend to want their money to go for scholarships, for student aid. Foundations generally want to support academic programs. And, of course, corporations do both, student aid as well as special research projects, that type of thing.

Senator **Cotton**. I was merely trying to pick out the item by item here, and in the case of the libraries and in the case of construction, physical equipment—in those two instances, apparently—and I am not using this word in its usual sense—that is common to the whole budget, and Howard is not discriminated against, particularly in those two categories, because the administration seems to have its face this year, for reasons—some of which I recognize and some I do not—set steadily against money for libraries and money for construction, new construction.

Dr. **Cheek**. Yes.

RETIREMENT PROGRAM

Senator **Cotton**. The partial support of the retirement program—you mean you would use it to increase somewhat the retirement program?

Dr. **Cheek**. To add to the sum of money the university has to maintain the retirement program.

TEACHER-STUDENT RATIO

Senator **Cotton**. Funds for additional teaching and staff positions, as well as some increases for equipment, supplies and materials for the schools and colleges—last year—I think this was a question that was prepared by the chairman—last year you stated that you were overenrolled at the university. You had said that the teacher-student ratio was 1 to 19, and that your goal was 1 to 12.

Have you gotten any closer to the optimum ratio?

Dr. **Cheek**. No, sir.

Senator **Cotton**. Have you lost ground?

Dr. **Cheek**. This request in 1974 would enable us significantly to gain ground in moving toward that goal.

Senator **Cotton**. You mean your request that has been allowed by the budget, or your original request?

Dr. **Cheek**. The request that is before you now.

Senator **Cotton**. The request that you are authorized to make to us?

Dr. **Cheek**. That is right.

INPATIENT COSTS

Senator **Cotton**. In your justification, you say, inpatient visits and emergency treatment will increase in 1974. Why are you asking for the same amount as was provided last year?

Dr. **Cheek**. Mr. Chairman, we had to work within the constraints imposed upon us. We felt that the academic program is so deficient, as this document that I have here, that I referred to in my opening statement, will show, that we just had to place the funds that were allowed in the academic program, because we felt that we could handle the problem in the hospital easier than we could handle the problem in the university's academic program. In other words, it was just having to make a hard choice, and the choice was made that way.

THE NURSING PROGRAM

Senator COTTON. Also, under Freedman's Hospital, you are going to phase out the diploma nursing program?

Dr. CHEEK. Yes.

Senator COTTON. What is the difference between that and what is available at the School of Nursing?

Dr. CHEEK. The diploma program—the difference, essentially, is that in Freedman's Hospital, the nursing program is a 3-year program leading to a diploma and an R.N.; whereas, in the university, the nursing program is a 4-year program leading to a bachelor's degree, as well as an R.N. That is consistent with the trend in the nursing profession throughout the country, as I understand it. I think that we have already phased it out.

Senator COTTON. Which is it you phased out?

Dr. CHEEK. We phased out the 3-year program, and we started, in 1969, a school of nursing in the university.

CAPITATION FUNDS

Senator COTTON. The capitation money in health and manpower in this year's recommended budget is all devoted to doctors, dentists, and osteopaths. Nurses, veterinarians, allied health, public health—they were all cut out.

Now, this cutting out of the capitation funds for nurses, will not that have its impact on your nursing program?

Dr. CHEEK. It will. I will ask Dr. Alexis to elaborate on my kind of weasel answer.

Dr. ALEXIS. For the fiscal year 1974, by transferring moneys from the Freedmen's budget from the program currently being phased out to the baccalaureate program which is the new program, we should have no difficulties for fiscal 1974.

However, if one looks beyond Howard University and beyond 1974, there could be serious implications for not having capitation support for nursing education.

Senator COTTON. In other words, you would resort to an expedient, which, in short term, would tide you over, but you are robbing Peter to pay Paul in the long term?

Dr. ALEXIS. It is not so much robbing, as we have discontinued one program already. If we look 3 or 4 years ahead, in terms of development and growth, it would be clear that we would need capitation type support to supplement these funds that we currently have.

Senator COTTON. Is nursing training a new division?

Dr. ALEXIS. Yes.

FOUR-YEAR NURSING PROGRAM

Senator COTTON. Let me ask you this—and this has nothing to do with Howard University. This is a general question, and I know I am going to shock you and you are not going to agree with me; as Dr. Cheek said, he thought he was going to shock me with his request, but he did not.

It seems to me that it would always be better to buy pork chops at 80 cents a pound than have the price of pork chops be 30 cents a pound and no pork chops. It always seems to me, recently—this has been a recent development—that the nursing witnesses that come in, that represent the nursing association, with a very commendable natural pride in their profession and desire to maintain their professional proficiency and reputation, insisting on the money going to the 4-year courses and the bachelor's degree at the expense of the shorter courses. I do not blame them. I am entirely in sympathy with their objectives.

But it would seem to me that that was a little unfortunate, because it seems better for the unfortunate people who have to be cared for, for the time being at least, to have a greater supply of nurses, even if you have to take a shorter course.

Now, your decision has been in keeping with the policy of the nurses' organization?

Dr. ALEXIS. Yes.

Senator COTTON. You do not agree with my feelings? In other words, I would have said, we need nurses so badly that—and you get more nurses in the 3-year——

CAREER MOBILITY WITH 4-YEAR DEGREE

Dr. ALEXIS. I am positive that the nursing profession, the nursing educators, did not arrive at the judgment to phase out 3-year schools in favor of 4-year schools without a great deal of thought. There have been great debates as to whether a baccalaureate-trained nurse is as competent clinically as a 3-year diploma-trained registered nurse.

I think the overriding concern was that an elevation of the nursing profession to some degree of comparability with the rest of the health care team—medicine, dentistry, pharmacy, and such, but more important from the point of view of the youngster going into nursing, the attainment of a bachelor's degree, provides two things, one the ability to be a clinical nurse, because I am convinced they are not any less well trained than the equivalent nurse, but even more importantly, it offers an opportunity for career mobility that one does not obtain in a certificate or diploma type setting. So the youngster who gets a B.S. degree in nursing can become a clinical nurse, that is one option; can go into nursing research is another option; or may go on to a master's or Ph. D. type training and become a nursing educator.

For the sake of an additional year in the training of the nurse, I think that, all told, the National League of Nursing and the American Nursing Association made the judgment that was proper.

Senator COTTON. No doubt you are right. But we had this thing when I came on this committee 14 years ago, and we were worried then, as we still are worried, about the scarcity of doctors. I was born and raised up in the mountains of New Hampshire in a very remote and poor community. In that community right now, there is not only no doctor, there is no district nurse, and my people still live there—the remnants of my family. When someone has a heart attack, they do not even have an ambulance. They load them into a touring car and drive 25 miles to the county seat, to the hospital. There is no one even to give a hypo or whatever first aid is necessary.

Yet, year after year, we need more doctors so much. Why can we not let down the bars to this extent, instead of requiring 4 full years of academic college, and then 3 years in medicine, and then *x* number of years in internship and residency, why can you not, in the last year of college, start them in the first year of medical school and give them credit to graduate from the college. Why can you not, perhaps, cut off a year at the other end?

And the representatives of the AMA were shocked beyond expression. I have not been talked to so roughly since I was in prep school. Now the medical profession has suddenly seen the light. They have been on the road to Damascus, and they have suddenly seen a great light.

About 3 years ago, I guess it was, they themselves came in and said that, because of the scarcity of doctors, they were going to let them anticipate the first year of medical in the last year of academic, instead of taking 7 or 8 years to produce a doctor and have many fall by the wayside because of all the expense involved they did not think they were lowering the bars of the profession.

It seems to me, in a sense, I can understand these nurses wanting to be in a position to specialize and all that. I just have that feeling. But I will not give any more time on that.

COMPARABILITY WITH THE DISTRICT

The biggest increase that you are asking for is for faculty salaries. If that increase is approved, how will you then stand in relation to—not all the schools in the country—but in relation to colleges in the area? Would you be able and willing to provide a tabulation of this comparison to be inserted in the record?

Dr. CHEEK. Yes, we do have that information and can provide it.

[The information follows:]

HOWARD UNIVERSITY

Average Compensation for Area Institutions by Rank (1972-73)
As Compared with A.A.U.P. Average Compensation by Rank
1972-73 and 1973-74

Salary and Benefits by Faculty Rank	1972-73			
	American	D. C. Teachers	Federal City College	Catholic
Professor	$ 23,960	$ 25,110	$ 25,260	$ 21,010
Associate Professor	17,500	18,830	19,440	15,430
Assistant Professor	14,890	15,770	15,340	12,570
Instructor	13,130	13,250	11,990	10,390

HOWARD UNIVERSITY

Average Compensation for Area Institutions by Rank (1972-73)
As Compared with A.A.U.P. Average Compensation by Rank
1972-73 and 1973-74 (Cont'd.)

Salary and Benefits by Faculty Rank	1972-73			A.A.U.P.*	
	Georgetown	George Washington	Howard	1972-73	1973-74
Professor	$ 24,890	$ 22,626	$ 25,530	$ 27,450	$ 28,220
Associate Professor	19,030	17,020	19,402	19,470	20,080
Assistant Professor	14,010	14,080	15,777	15,630	15,940
Instructor	11,320	10,320	11,741	12,280	12,900

* Table 15, page 44 A.A.U.P. Report of April 16, 1971 (Committee Z) 1972/73 Projected Scales for Average Compensation, Category I, Rating 1.

FACULTY INCREASE ACROSS THE BOARD

Senator COTTON. Your answer would be altered to conform to what you file. In general, what is your answer to that?

Dr. CHEEK. Mr. Chairman, we would be comparable to the universities in the District of Columbia area.

Senator COTTON. You mean, like Georgetown, George Washington, American, and Catholic University?

Dr. CHEEK. That is right.

Senator COTTON. With this that is in the budget?

Dr. CHEEK. Yes. I should point out that the request that we have in here represents a 5.5 percent across-the-board increase. It does not provide for any catching up.

Senator COTTON. In other words, the full professor rank gets the same percentage increase that an instructor does?

Dr. CHEEK. In general terms, that would be correct, sir.

CONSTRUCTION OF THE TEACHING HOSPITAL

Senator COTTON. What is the situation regarding construction of the new medical school?

Dr. CHEEK. At the hospital, the construction is almost on schedule. There was some time loss by virtue of the strike that took place a few months ago. I do not know how much of that time has been gained. It is anticipated that it will be completed in the summer of 1974 and be ready for occupancy by January 1975.

BLACKS IN OTHER UNIVERSITIES

Senator COTTON. Your requirements—you made one statement here that interested me, and these are not hostile questions—indicating that you were not given the support, receiving the support that, in general, the universities that predominantly have white student bodies are receiving. You refer to the fact that many of the colleges around the country that are predominantly white colleges were pointing with pride to the percentages of the black students that they have got, but they are very silent about the number of black students that stay and graduate.

Dr. CHEEK. Yes.

Senator COTTON. Being perfectly frank—because it is of some concern, I am in absolute sympathy with your university and want to be absolutely fair to it—with perfect frankness, will you expand that statement a little bit?

Dr. CHEEK. Mr. Chairman, as you know, during the latter 1950's, there was a great deal of pressure brought to bear from a variety of sources to increase the minority enrollment, and a number of universities were given large sums of money by the foundations, et cetera, specifically for the purpose of recruiting minority students.

In the case of some publicly supported institutions like, the University of New York, the adoption of open enrollment, as they call it, we now find, after a period of 4 or 5 years, that the performance record—that is, the performance record of the institutions—with respect to the continued matriculation of those students and their successful completion of the college programs, has not been a very good one at all. There is currently being conducted a study by an organization with which I am associated to determine precisely what is the picture with respect to black students, particularly, and it is also concerned with Puerto Rican students, Spanish-speaking students, et cetera.

This study will try to determine more precisely than we know now exactly what has happened to the entering statistics, which are impressive when you look at the numbers of black students and other minorities that were admitted during the period 1965 to, say, 1970 or 1971. But then when you look at the picture of the students who are juniors or seniors or who are graduates, then it is very bleak.

Senator COTTEN. I live within 5 miles of the Dartmouth campus. I attended Wesleyan University in Middletown, Conn. Incidentally, the first or second weekend in June, I go back for my 50th reunion. So I happen to have some rather intimate personal knowledge of those two institutions.

ABC PROGRAM

It is my impression that at Dartmouth—in the first place, you are familiar with the so-called ABC program?

Dr. CHEEK. Yes, I am.

Senator COTTON. An ABC program was set up—and incidentally, on the street on which I live in New Hampshire, there was a large, spacious house taken for this purpose. Curiously enough, up there in New Hampshire, I always supposed there was a completed absence of any particular racial problems, perhaps because there were not enough races—but anyway, curiously enough, at the time, one much older, bigoted resident of the street caused a lot of trouble; and said it would depreciate the value of the property, and so forth.

However, the ABC program started, and I see those young people every day when I am home. They are probably 75 to 80 percent black. Now, they are tutored. They are enrolled in the high school, but they are all tutored at night by volunteers from the Dartmouth faculty and seniors at Dartmouth, or graduate students at Dartmouth, so that they go on to Dartmouth with as good a preparation and start, generally speaking, on an even keel, at the fair starting line with every student at Dartmouth.

It has been my impression—I cannot substantiate this—but the black proportion of students at Dartmouth has increased, rather than decreased, and that they go through and graduate. That is, not all, but neither do the whites; I mean in the same proportion.

But down in my own college, they proceeded to adopt a rule that 20 percent of the student body had to be black. As far as I know, they did not do anything to condition those black students to enter the college community, they just enrolled them and gave them scholarships, if necessary. I think they were very generous with them, financially, but they took them in. Then they went further than that. I happen to belong to a fraternity, and the rule was made that every fraternity must place 20 percent black. Some of the fraternities refused and their charters were revoked. My fraternity did not refuse, and they were pledged.

Something went sour, because, in the first place, the black students all resigned from the fraternities and formed an organization of their own, presumably because the races were not integrating pleasantly, let us say. I do not know of any violence.

In that college, I think it is true that not only have many of the black students not finished the course, but I think are having more difficulty, although they continue to go out and solicit and recruit to get 20 percent black students.

My question is something you might be able to give me some enlightenment on. Is the fact that in the white colleges of the North, particularly—I do not know anything about the Southern situation—but of the white colleges in the North, even though they enroll and insist on opening the doors to black students, is it the fact that they do not do anything to help equip the student to be able scholastically to start on an even keel with his white classmates? Or is it some kind of social hostility by the student body? It certainly is not by the faculty. Have you any opinion on that?

Dr. CHEEK. Yes, I do, Mr. Chairman.

First of all, A Better Chance program—the ABC program with which I am very familiar—is atypical. It is not characteristic of what is going on in the country as a whole. The situation that you describe at your alma mater, I think, is the more typical pattern nationwide. I think that two things are absent in the process.

One, the institutions are not adequately equipped to be responsive to the academic needs, the cultural needs, and the social needs of the black students that they admit. Second, that the institutions themselves have not prepared themselves to deal with the infusion of a large group of minority students that heretofore have been excluded.

When I say, not prepared themselves, I do not mean just that they have not provided the necessary educational development programs, or what some people might call remedial or compensatory. I mean that they have not examined their own patterns of behavior and the way in which they relate to black students.

Senator COTTON. In other words, they just try to make a mathematical compilation, and in that way satisfy or appear to satisfy the present-day social standards?

Dr. CHEEK. That is right.

Senator COTTON. Whereas, at the other college, they took into consideration the necessity of doing something to raise the preparation of the minority students and, apparently, must have done something to make the climate better for them?

Dr. CHEEK. That is right.

PROPORTION OF WHITE STUDENTS AT HOWARD

Senator COTTON. What proportion of white students do you have at Howard?

Dr. CHEEK. Overall, universitywide, it is approximately 11 percent. In some schools and colleges, it is higher than that. But taking all 15 schools and colleges, it is approximately 11 percent.

Senator COTTON. Are most of those local?

Dr. CHEEK. No. They come from all over the United States.

Senator COTTON. Do you have any difficulty, racially?

Dr. CHEEK. No.

PRIORITIES

Senator COTTON. You realize that this subcommittee, because we deal with health, education, and welfare, every single group that comes before our committee is a worthy cause. It is, perhaps—we have found through the years that it is a very, very painful and difficult job, when we come to mark up a bill. We usually mark it up and increase it enough so we run the risk of a veto. You know the story.

Dr. CHEEK. Yes.

Senator COTTON. So I am not suggesting holding out any promises. But suppose that the Congress saw fit to increase that $7,400,000, not necessarily up to the $19 million, but to give you some increase on it. What would you use the increase for?

Dr. CHEEK. You mean above the $7 million?

Senator COTTON. Yes. Where would you put the increase?

Dr. CHEEK. We left out of our request funds for the school of pharmacy. The reason for that was a new dean was in the process of coming to the university, and we had no rational basis, really, on which to make a decision.

We had no funds in our request for construction. The university's physical plant is best described as woefully inadequate. The enrollment increased substantially during the 1960 decade, and there was no comparable increase in physical facilities. We currently have a situation where we have faculty without offices. We even have, in some schools, classes being taught in the corridor.

Senator COTTON. I confess, even though I have been on the committee all these years, I did not realize that you had so many schools. I suppose that is because you are a unique college, because you have to satisfy all the needs of the community.

Dr. CHEEK. The whole United States, as well as a sizable part of the students from outside of the United States, as a matter of fact.

SUMMARY OF SCHOOLS AT HOWARD

Senator COTTON. This is a summary of the schools at Howard. I am going to ask, if the chairman approves, that this be inserted in the record at this point.

[The information follows:]

Howard University, located in the District of Columbia, chartered by an Act of Congress on March 2, 1867, consists of fifteen schools and colleges as of March 2, 1973. The University offers programs in higher education on the undergraduate, graduate, and professional levels. The various schools and colleges that comprise Howard University are as follows:

1. **School of Business and Public Administration**
2. **School of Engineering**
3. **School of Law**
4. **The Graduate School**
5. **School of Education**
6. **College of Fine Arts**
7. **School of Communications and Broadcast Laboratory**

8. School of Social Work
9. College of Medicine
10. College of Dentistry
11. College of Pharmacy
12. School of Nursing
13. College of Liberal Arts
14. School of Architecture and City Planning
15. School of Religion

CONCLUDING REMARKS

Senator COTTON. This has been most interesting, and you have been most patient because I have been asking some rather aimless questions.

I thank you and we are very glad to have you with us.

We will try our level best to do justice for you.

Dr. CHEEK. Thank you.

JUSTIFICATION

Senator COTTON. The justification for the budget request will be inserted in the record at this point.

[The justification follows:]

Justification

Appropriation Estimate

HOWARD UNIVERSITY

For the partial support of Howard University, [$58,881,000, including $8,408,000 to remain available until expended for planning and site development of buildings and facilities: *Provided*, That if requested by the University, such planning, site development, and construction of buildings and facilities shall be supervised by the General Services Administration].[1] *$57,873,000.*

Explanation of Language Changes

1. Language has been deleted since no new funds are being requested for construction.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Howard University

Amounts Available for Obligation

	1973	1974
Appropriation	$ 58,881,000	$ 57,873,000
Receipts and reimbursements from non-federal sources	34,675,000	34,675,000
Unobligated balance, start of year	15,515,000	7,298,000
Unobligated balance, end of year	-7,298,000	-3,879,000
Total, obligations	$101,773,000	$ 95,967,000

Obligations by Activity

Page Ref.	1973 Estimate		1974 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Operations:						
(a) Academic program...	2,450	$62,103,000	2,687	$69,763,254	+237	$+7,660,254
(b) Freedmen's Hospital..	1,405	23,045,000	1,394	22,784,746	- 11	- 260,254
Sub-total...	3,855	85,148,000	4,081	92,548,000	+226	+7,400,000
Construction:						
(a) Planning and site development......	---	879,000	---	56,000	---	- 823,000
(b) Buildings and land acquisition......	---	15,746,000	---	3,363,000	---	-12,383,000
Sub-total...	---	16,625,000	---	3,419,000	---	-13,206,000
Total obligations .	3,855	$101,773,000	4,081	$95,967,000	+226	$- 5,806,000

Summary of Changes

1973 Estimated obligations	$101,773,000
1974 Estimated obligations	95,967,000
Net change	$ -5,806,000

	Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increases:				
A. Program:				
1. Academic Program				
a. Faculty salary increases	---	$ ---	---	$ 1,080,000
b. School of Business and Public Administration	38	820,000	20	545,000
c. School of Engineering	56	1,600,000	7	200,000
d. School of Law	35	793,000	16	418,000
e. Graduate school	80	1,512,000	12	300,000
f. School of Education	33	746,000	14	335,000
g. College of Fine Arts	54	1,067,000	7	150,000
h. School of Communications and Broadcast Laboratory	51	1,071,000	13	500,000
i. University libraries	102	1,798,000	16	750,000
j. School of Human Ecology	---	---	12	300,000
k. College of Medicine	266	6,450,000	25	750,000
l. College of Dentistry	139	3,307,000	5	148,000
m. School of Allied Health Professions	---	---	18	400,000
n. Development Office	3	63,000	6	123,000
o. College of Liberal Arts	441	8,202,000	47	1,061,000
p. School of Architecture and City Planning	24	599,000	8	240,000
q. Retirement allowances	---	---	---	100,000
Sub-total, Academic Program	1,322	$28,028,000	226	$ 7,400,000
Total, increases	1,322	$28,028,000	226	$ 7,400,000

2. Freedmen's Hospital
There are no changes in Freedmen's Hospital obligations.

	Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Decreases:				
Construction - non recurring projects	---	---	---	$-13,206,000
Total, decreases	---	---	---	$-13,206,000
Total, net change	---	---	---	$ -5,806,000

Explanation of Changes

The estimate of obligations in the amount of $95,967,000 for the fiscal year 1974 is $5,806,000 less than the estimate of $101,773,000 for fiscal year 1973. The total obligations for fiscal year 1974 are supported by $34,675,000 in reimbursements from non-Federal sources: $57,873,000 in requested appropriated funds; and $3,419,000 in funds representing unobligated balances from the construction program for prior years.

Program -

1. Academic Program

   a. Salary increases for instructional faculty, Budget Authority, $1,080,000 -

      The university is requesting funds for faculty salary increases in order to retain competent faculty members and to remain competitive in recruiting new teachers as the need arises. This request will enable the university to continue its salary scale for teachers on a basis comparable with other similar institutions and will average 5.5% in keeping with Phase III salary guidelines.

   b. School of Business and Public Administration, Budget Authority, $545,000 -

      The school of business and public administration is a new, rapidly growing professional school in the university. A total student enrollment of 890 is anticipated in 1973-74. Increased enrollment and new graduate programs in business administration, public administration, hospital administration and a combined business/law degree will require expanded resources over the next few years. These improvements will be necessary in order to prepare for the accreditation of this new school. This request includes 13 faculty positions at $280,000; 7 support personnel at $64,451; and other objects at $200,549.

   c. School of Engineering, Budget Authority, $200,000 -

      The school of engineering has three new masters programs--computer sciences, transport engineering, and air pollution--initiated in 1972-73 which need to be expanded. A new degree program in urban systems engineering emphasizing the sociological and health aspects of engineering in the urban system, also needs strengthening and broadening. A Ph.D. program in civil engineering initiated in 1972-73 and Ph.D. programs in mechanical engineering and allied fields (nuclear, bio-engineering, transportation, etc.) to be initiated in 1973-74, require additional faculty with significant research capability. The school of engineering will have an inspection by the Engineers' Council for Professional Development (ECPD) during 1973-74 for review and renewal of its accreditation which expires in 1974. By 1973-74, the enrollment is projected to increase to 600 students. The request includes 4 new faculty at $90,000 which will raise the faculty-student ratio from 1:11.07 to 1:11.43; 3 support personnel at $28,119; and other objects at $81,881.

   d. School of Law, Budget Authority, $418,000 -

      The school of law is one of the older established units of the university and the resources for it have not kept pace with the demands for legal training. The school has a total student enrollment of 417 for 1972-73. The critical needs in this school are to increase the size of the faculty and provide for more innovative instruction and research programs. There is currently one faculty member for every 22 or 23 students where professional standards require a ratio of 1 to 15 or 16. Deficiencies were noted in our law school by the American Bar Association and American Association of Law Schools during a recent inspection visit, for the purpose of re-accrediation. They are planning to return in the Spring of 1973.

e. The Graduate School, Budget Authority, $300,00 -
In 1973-74 a total enrollment of 1900 is anticipated in the graduate school which will be an increase of 150 over 1972-73. This school presently has been operating with the vast majority of its faculty being supplied by the undergraduate departments of the college of liberal arts. Of its 81.58 F.T.E. (full-time equivalent) faculty which serviced 1,750 students, only 18.82 F.T.E. faculty were on the graduate school budget. The request for $300,000 will enable the newly restructured graduate school of arts and sciences to employ 8 additional faculty at $160,000 and 4 support personnel at $37,232 in order to supplement the current offerings. Other objects will total $102,768.

f. School of Education, Budget Authority, $335,000 -
A new school of education was established in the Fall of 1971 in order to increase the supply of highly trained technical and professional manpower in this field. The school will have a total enrollment in 1973-74 of 1,050 with increased emphasis on graduate studies in which 850 students will be candidates for advanced degrees. This request includes 9 additional faculty at $190,000; 5 support personnel at $44,425; and other objects at $100,575.

g. College of Fine Arts, Budget Authority, $150,000 -
The college of fine arts includes the school of music and the departments of drama and art where a strong demand exists for highly trained personnel, particularly in the area of contribution of Black Americans to the national culture. The college has a total enrollment in 1972-73 of 446 students in undergraduate and graduate programs. In addition, the college provides instruction for 200 students from other schools and colleges within the university. New programs within the college include the development of jazz studies and color photography. This budget request will provide for 4 additional faculty at $85,000; support personnel at $27,219 and other objects at $37,781.

h. School of Communications, Budget Authority, $500,000 -
The school of communications began its first year of operation in 1971-72 to develop professionals in the fields of journalism, radio, television, cinematography, and speech pathology. In addition, it operates a radio station as a laboratory for training in broadcast management. The school is growing rapidly because of the demand for persons in these professions. The current enrollment is 260 students and we anticipate 300 for 1973-74. This request will provide for 9 faculty at $175,000; 4 additional support personnel at $37,232, and other objects (equipment for the studio) at $287,768.

i. The University Library System, Budget Authority, $750,000 -
The university library system serves as a resource for the entire student body and faculty in undergraduate, graduate, and professional programs. In a study made by the U. S. Office of Education in 1971-72, the university was severely criticized for the inadequate library resources and facilities which have not kept pace with the growing size and scope of the university. In addition, the Association of Research Libraries, of which Howard University is one of 77 members, conducted a study of the adequacy of our collections, facilities, staff, and other resources in which the university ranked 77th in each of these categories. Consequently, an appropriation of $1,200,000 was allocated in the 1972-73 budget for renovations and $361,000 for personnel and book purchases. This will help to maintain the present level of the library system. In order to make some substantial correction of the present deficits, major budgetary allocations will need to be made over the next few years. This request for 1973-74 provides for 10 professional positions at $210,000; 6 support personnel at $56,298, and other objects (books and materials) at $483,702.

j. School of Human Ecology, Budget Authority, $300,000 -
The professional programs in the department of home economics have been expanded to embrace related areas of human ecology including a new PH.D. program in human nutrition. In order to fortify the development of this professional program, we are requesting 8 faculty positions at $170,000; 4 support personnel at $39,165, and other objects at $90,835.

k. College of Medicine, Budget Authority, $750,000 -
Additional faculty is needed for the support of the current expanded curriculum and to meet the basic science needs of all of the schools and colleges of the center for the health sciences. The university is meeting the national demand for professionals in all health careers by expanding ongoing programs and increasing student enrollment. A review of student enrollment over the past ten years reveals an increase in enrollment in medical and other students in the health professions in general. For fiscal year '73, the total student enrollment served in the basic science area of the college of medicine was 1,308, for a faculty-student ratio of 1:4.50. The 1970-71 AAMC profile of the nation as a whole shows that the college of medicine ranks in the fourth quartile in the area of full-time faculty to undergraduate medical students, and full-time faculty to total students.

l. College of Dentistry, Budget Authority, $148,000 -
The college of dentistry has graduated more than half of the practicing Black dentists in the United States. This current school year, the college enrolled 97 freshmen dental students and 26 dental hygiene students. Despite a very restricted budget and limited faculty strength, the college has increased its enrollment significantly over a period of the last seven years. Problems in the college of dentistry which affect the quality of the learning experience of the students relate to their deficient academic backgrounds, and the lack of adequate numbers of faculty. The college deems as critical the need to improve the faculty-student ratio from the current 1:4.09 to 1:2.5.

m. School of Allied Health Sciences, Budget Authority, $400,000 -
The school of allied health sciences at Howard University has as its responsibility the training of health professionals in a variety of disciplines which include physician's assistants, radiation therapy technologists, radiologic technologists, medical dietitians, physical therapists, occupational therapists and medical technologists. Our program in nurse midwifery and inhalation therapy are in the planning stage for early implementation. Programs are currently being supported by the efforts of a dedicated faculty. Applications for enrollment in these programs far exceed our ability to provide instruction. The granting of these funds would be important in establishing good and meaningful programs.

n. Development and Fund Raising, Budget Authority, $123,000 -
Howard University established a 3 year program to strengthen the university's fund raising capabilities by the implementation of a first-class development office. Initially, the university operated this office from grant funds. This request will enable the university to continue the on-going development program and at the same time, enable us to assist in the training of fund raisers from other Black colleges. The following items are included in the 1974 request: $89,971 for supporting personnel and $33,029 for other objects.

o. College of Liberal Arts, Budget Authority, $1,061,000 -
The college of liberal arts has had no substantial addition to its budget during the last three years. The basic skills in english

and mathematics will be the main focal point. However, attention will also be given to developing innovative approaches to the teaching of the humanities and social sciences so that students requiring strengthening of the basic skills will still not have an excessively long stay at the university before graduating. With the need to give special attention to academically deficient entrants as well as pre-professional students, increasing the faculty-student ratio is critical. The faculty-student ratio should be 1:10. Although our total request is for $1,061,000, of this $761,000 represents costs for the continuation of recently established programs in advanced studies. The remaining $300,000 includes a request for 8 additional faculty members at $155,000; 4 support personnel at $38,126, and other objects at $106,874. Our request for 8 additional faculty will raise the faculty-student ratio only slightly to 1:18.58.

p. School of Architecture and Planning, Budget Authority, $240,000 - The school of architecture and planning focuses on professional training in economic development design and planning, building systems, technology, and high-level management systems, which require a strong, diverse, and broad-based faculty. The school hosted an interim visit during 1972-73 from the National Architectural Accrediting Board (NAAB). The NAAB was critical of the lack of an associate dean and the need for additional faculty and facilities. While maintaining the student body at 275 (an increase of 29), 4 additional F.T.E. faculty will increase the faculty-student ratio from 1:10.82 to 1:10.28. The recommended ratio is 1:10. The request includes 4 faculty at $85,000; 3 support personnel at $27,219, and other objects at $87,781, and $40,000 for replacement of grant funds.

q. Support for the University Retirement Program, Budget Authority, $100,000 -

This request is designed to provide partial support for the current university retirement program. The retirement program requires the university to make an annual contribution for those persons who have previously retired and to provide the necessary pension funds for persons who are eligible to retire and elect to do so. The University had 18 employees to reach retirement age on June 30, 1972 according to university regulations. It is estimated that the total university expense for 1973 will approximate $484,000.

2. Freedmen's Hospital

There are no changes requested for Freedmen's Hospital.

3. Construction

There are no changes requested for construction.

Authorizing Legislation

Legislation	1974 Authorization	1974 Appropriation Requested
"An Act to Incorporate Howard University"	Indefinite	$42,948,000
"An Act to establish a teaching hospital at Howard University"	Indefinite	$14,925,000

"An Act to Incorporate Howard University"

Sec. 8. And be it further enacted, that annual appropriations are authorized to aid in the construction, development, improvement, and maintenance of the university, no part of which shall be used for religious instruction. The university shall at all times be open to inspection by the Bureau of Education and shall be inspected by the said Bureau at least once each year.

"An Act to establish a teaching hospital at Howard University"

Authorization of Appropriations for Operation

Sec. 2. In order to facilitate operation of teaching hospital facilities at Howard University, there are authorized to be appropriated annually to the university such sums as the Congress may determine, for the partial support of the operation of such facilities giving consideration to the cost imposed by the provisions of Section 2 and the portion of the agreement under this Act relating to such provisions. The cost of operating such facilities, the appropriations pursuant to this section, and any other income derived from such operation or available for such purposes shall be identified and accounted for separately in the accounts of the university.

(20. U.S.C. 128) Enacted Sept. 21, 1961, P.L. 88-262, Sec. 5, 75 Stat. 543.

APPROPRIATION HISTORY

HOWARD UNIVERSITY

Fiscal Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$18,944,000	$18,944,000	$18,944,000	$18,944,000
1965	15,691,000	15,691,000	15,691,000	15,691,000
1966	18,742,000	18,742,000	18,742,000	18,742,000
1967	23,638,000	23,515,000	23,515,000	23,515,000
1968	45,582,000	26,397,000	26,397,000	26,397,000
1969	29,970,000	28,778,000	28,778,000	28,778,000
1970	61,969,000	61,969,000	61,969,000	61,969,000
1971	38,197,000	38,197,000	38,197,000	38,197,000
1972	60,486,000	60,486,000	60,486,000	60,486,000
1973	58,881,000			
1974	57,873,000			

JUSTIFICATION

Howard University

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits........	3,855	$ 64,620,000	4,081	$70,149,000	+226	$+5,529,000
Other expenses........	---	37,153,000	---	25,818,000	---	-11,335,000
Total.......	3,855	$101,773,000	4,081	$95,967,000	+226	$-5,806,000

General Statement

Howard University, located in the District of Columbia, chartered by an Act of Congress, will celebrate 106 years of service to higher education on March 2, 1973. The university consists of fifteen schools and colleges and offers programs in higher education on the undergraduate, graduate, and professional levels. Undergraduate students are registered in the college of liberal arts; graduate students seeking the masters degrees and doctors degrees are registered in medicine, dentistry, pharmacy, nursing, fine arts, business, engineering, architecture, social work, law and religion. (The school of religion receives no support from Federal funds). The university offers the masters degree in 35 departments and the doctor of philosophy degree in 19 fields in the graduate school.

Enrollment of Students

The university served a total of 13,119 students during the year 1971-72 distributed as follows: liberal arts, 4,730; graduate school, 2,389; engineering, 599; architecture, 295; fine arts, 573; business, 991; dentistry, 382; pharmacy, 255; law, 438; religion, 74; nursing, 258; dental hygiene, 39; communications, 232; education, 170; social work, 118; and special programs, 1,139.

There were 10,521 degree-seeking students from the United States and territories distributed as follows: New England States, 107; Mid-Eastern States, 5,916; Great Lakes States, 397; Plains States, 376; Southeastern States, 3,232; Southwestern States, 256; Rocky Mountain States, 19; Far Western States, 172; Puerto Rico, 7; and the Virgin Islands, 39.

There were 2,598 degree-seeking foreign students enrolled during the year 1971-72 constituting 19.8% of the total enrollment. These foreign students came from 96 countries including the British, French, and Dutch West Indies Islands.

The Faculty

There were 1,537 teachers serving the university during the school year. There were 831 full-time teachers and 706 part-time teachers. The full-time equivalent of the teaching staff was 1,018.42. Of this full-time equivalent, 877.11 were teaching at the rank of instructor or above.

Graduates

During the 1971-72 school year, there were 1,947 graduates from 15 schools and colleges, distributed as follows: Liberal arts, 725; Engineering, 99; architecture, 48; fine arts, 81; business, 125; graduate school, 433; social work, 40; medicine, 96; dentistry, 70; dental hygiene, 14; pharmacy, 36; law, 99; religion, 12; communications, 20; education, 49. From the date of its establishment in 1867, Howard has graduated 34,780 persons.

The professional programs have produced graduates in the following: medicine 4,198; dentistry and dental hygiene, 2,621; law, 2,425; religion, 529; engineering, 1,887; architecture and planning, 66; and social work, 1,334.

Freedmen's Hospital

The hospital, which was transferred from the United States Public Health Service's responsibility to Howard University effective July 1, 1967, continues to serve as a teaching facility for the colleges of medicine, dentistry, pharmacy, and nursing and as a health facility for the community. During fiscal year 1972 there were 10,375 inpatient admissions; 80,330 clinic visits, and 60,685 emergency visits. It is expected that this load will increase during fiscal years 1973 and 1974. In addition to the health services, the hospital conducts training programs for interns, student nurses, residents, and technicians. During fiscal year 1972 the hospital provided such training for 280 persons. This number is expected to decrease in 1973 and with the phase-out of the diploma nursing program, the demand for nurse training will be supplied by the School of Nursing in the academic program.

Although the present physical facilities have been greatly improved through renovation during past years, the new teaching hospital, on which construction started in 1971, is greatly needed to provide the teaching and professional staff with long overdue facilities as a means of delivering the best possible medical care.

Building Program

The building program at Howard University was designed in 1951 to bring the physical facilities of the university up to a level that would permit the accommodation of approximately 5,200 full-time equivalent student enrollment. This phase of the program has been completed.

The university is currently designing a new 20 year development program for the accommodation of a gross student population of 20,000. Our enrollment estimate for 1974 provides for 10,568 students in two semester terms. For fiscal year 1973, our records indicate that 23 building projects have been completed since 1946; 3 projects will be under construction in 1973 and 12 projects are in varying stages of planning.

Assumption for 1974

1. That the overall enrollment for 1974 will remain basically at 1973 levels except for slight increases in several of the new schools and colleges. Physical facility limitations prohibit any major increases in 1974.
2. That the university will continue to have as its primary mission the offering of educational opportunities to Black students and other minorities without denying its services to others on the basis of race, creed, or national origin.
3. That it is the intent of the Congress to create and maintain at Howard, a university of the first rank, responsive to the needs of the nation and the production of educated and trained manpower.
4. That the university will continue to analyze its overall operations and maintain an ongoing program of institutional research in its efforts to improve the efficiency, effectiveness and quality of its offerings and services.

Program Goals for 1974

1. That the university will increasingly become more graduate and professional oriented in the distribution of enrollment and will maintain undergraduate arts and sciences enrollment at a level comparable to that of 1972-73.
2. That FY 1974 will represent a year of substantial infusion of additional Federal support for the academic program to enable the university to take dramatic steps in closing the gaps that currently exist between it and other major comparable universities.
3. That major deficiencies in various areas of the university's programs, as cited by previous Office of Education evaluations and reports, and some of the accrediting agencies, can be overcome by the additional resources required in FY 1974.
4. That the university will inaugurate a ten-year development program to increase substantially its financial, physical and human resources. This program will identify the level of additional funds needed to reach established objectives by 1984 in enrollment, physical plant capacity, teaching and supporting personnel, and program character and scope.
5. That the university will attempt to achieve resource comparability with eleven private major American universities of comparable size, program, scope and administrative complexity, and will measure its relative status by the median and mean for this peer group in the critical area of resource comparability.

Academic Program

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits........	2,450	$45,898,000	2,676	$51,427,000	+226	$+5,529,000
Other expenses........	---	16,205,000	---	18,076,000	---	+1,871,000
Total obligations.	2,450	$62,103,000	2,676	$69,503,000	+226	$+7,400,000
General administration................	269	$ 7,408,000	275	$ 7,631,000	+6	$ +223,000
Resident instruction and departmental research............	1,592	32,395,000	1,796	38,822,000	+204	+6,427,000
Organized research....	---	8,500,000	---	8,500,000	---	---
University libraries..	88	1,798,000	104	2,548,000	+16	+750,000
Operation and maintenance of physical plant...............	319	5,360,000	319	5,360,000	---	---
Auxiliary enterprises.	182	3,868,000	182	3,868,000	---	---
Student aid...........	---	2,774,000	---	2,774,000	---	---
Total academic program.........	2,450	$62,103,000	2,676	$69,503,000	+226	$+7,400,000

Accomplishments in 1972-73:

The university served a total of 13,119 registrants during the summer session and two terms of the school year 1971-72. These students came from every state of the United States and 96 foreign countries. The faculty consist of 1,537 teachers, 831 of the number being full-time and 706 part-time teachers. A total of 1,947 students were graduated in June of 1972, thereby bringing the total number of graduates up to 34,780.

The university will improve its educational programs through a recent tuition increase and the 1973 appropriation. These additional sources of revenue will permit us to (1) remain reasonably competitive with other schools of like size, scope and complexity through a reasonable increase in faculty salaries; (2) establish 27 new teaching positions in liberal arts and communications; (3) provide 31 new positions as support for the teaching staff; (4) provide additional supplies, personnel benefits and equipment in support of the educational program; and (5) continue partial support towards retirement allowances for current retirees.

Program Plans, 1974:

During the decade between 1958 and 1969, the student body enrollment has more than doubled following the national trend in higher education, and responding particularly to the high aspirations for education among minority youth who have long been denied acceptance in institutions of higher education. At the same time, the resources available to the university - physical, fiscal, and human - did not increase by the same extent. Consequently, all the schools and colleges have suffered from high student-faculty ratios, high student-personnel ratios and inadequate equipment for specialized and/or individualized instruction. In order to rectify some of these needs, request is being made for additional funds in the following areas. (In thousands of dollars).

		Budget Authority	
		Pos.	Amount
1.	Salary increases for faculty	---	$1,080
2.	School of business and public administration	20	545
3.	School of engineering	7	200
4.	School of law	16	418
5.	Graduate school	12	300
6.	School of education	14	335
7.	College of fine arts	7	150
8.	School of communications	13	500
9.	University libraries	16	750
10.	School of human ecology	12	300
11.	College of medicine	25	750
12.	College of dentistry	5	148
13.	School of allied health professions	18	400
14.	University development office	6	123
15.	College of liberal arts	47	1,061
16.	School of architecture	8	240
17.	Retirement allowance	---	100
		226	$7,400

The following is a brief explanation of the Howard University budget request:

1. General Administration, Budget Authority, $223,000 -

This request is designed to enable the university to continue support for the relatively new office of development that we feel will have a major impact on the total finances of Howard University in the future. It further represents the second phase in the development of this office since grants funds were obtained previously to assist in setting up developmental programs and training of fund raisers for the university and other Black schools and colleges. It is essential that these funds be secured in the 1974 fiscal year since the university will have made significant progress towards implementation of its ten year fund raising program. In order to meet our established goal, it is necessary that this office have the full support of the university.

Howard University, in order to remain attractive to high level faculty and staff, must provide an adequate retirement program since many persons look favorably upon fringe benefits as well as an adequate salary in deciding to seek employment at the university or to remain here for any significant period of time. The university's retirement program requires continued support since a portion of the program requires an annual university contribution. It is estimated that the total university expense for this portion of the retirement program in 1973 will approximate $484,000.

2. Resident Instruction and Department Research, Budget Authority, $6,427,000-

Howard University, during the decade of the sixties, doubled its enrollment in order to provide additional educational opportunities for disadvantaged youths, who would not otherwise have been able to secure an education beyond the high school level. In addition, the university expanded its course offerings and opened several new schools and colleges to provide quality education in fields that were previously closed to minorities as the nation moved closer to equal employment opportunities for all. Unfortunately, the university was not able to expand its teaching and supporting staff in the same proportion as that of the student body and the university now faces serious problems. Therefore, the university is requesting funds for support of the instruction program in almost every school or college in order to alleviate some of these problems.

Faculty salaries at Howard University continue to remain below those of similar institutions of like size, scope and complexity. During the past several years, Howard has made faculty salaries its first priority and while we have made significant progress to remain competitive, inflation has not allowed us to provide the salary structure desired. This year, the university is requesting funds only to assist in offsetting inflationary trends and our request is limited to 5.5% as required by recent salary and wage guidelines.

The remaining portion of this request will be used for additional teachers and supporting staff for thirteen colleges and schools in order to reduce some of the intolerable faculty-student ratios and at the same time enable the university to provide the quality education that an institution of this size should offer. Specifically, the university plans to continue its emphasis on graduate and professional training and a large portion of this request is designed to assist us in that direction. Recent studies and inquiries reveal that the nation still has a significant shortage of Blacks available in the graduate and professional areas. We are further convinced that Howard is the only institution in the nation equipped to provide this training since the other predominately Black schools are basically liberal arts colleges and cannot offer the wide range of graduate and professional courses required. The university, therefore, plans to continue in the seventies its plan to change the character of the university from a predominately undergraduate university to a graduate level university offering a full range of opportunities in critical professional and occupational areas at the advanced level.

3. University Libraries, Budget Authority, $750,000 -

The university is requesting additional assistance in the library systems to help alleviate some of the criticisms from the Office of Education and the Bureau of Libraries and Educational Technology. This request will enable us to hire 16 professional and staff personnel to assist in this area and also to provide funds for acquisition of additional books and reading material. In addition, the university will make an effort to improve its resources sufficiently to improve its current standing (last place) in the Association of Research Libraries. It is not expected, however, that this request will permit the university to fully accomplish all of these goals, but it will permit us to make significant progress in correcting these deficiencies.

Relation to Long-Range Objectives:

The 1974 budget request is designed to permit the university to move in a meaningful manner towards its long-range objective of changing the character of Howard from a predominately undergraduate school to a graduate and professional university offering a full range of opportunities in the critical professions and occupational areas at the advanced level. The university in attempting to meet these objectives must acquire the additional teaching and supportive staff that are necessary to obtain the required faculty-student ratios that this type of quality education demands. It is for this reason that the university has decided to make improvements in most of its colleges and schools during the 1974 fiscal year.

Freedmen's Hospital

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Personnel compensation and benefits........	1,405	$18,722,000	1,405	$18,722,000	---	---
Other expenses........	---	4,323,000	---	4,323,000	---	---
Total........	1,405	$23,045,000	1,405	$23,045,000	---	---

Accomplishments in 1973:

In 1972 the hospital provided inpatient care for an average daily census of 356.4 patients (including newborns); 141,015 outpatient visit services were provided of which 80,330 were furnished in scheduled clinics and 60,685 were provided as emergency services.

In 1973 it is expected that inpatient load will increase over the 1972 level to an average daily census of 378 patients. The outpatient visit level is also expected to continue its rising trend and reach a total of 149,000 outpatient visits. This represents an increase of 6.1 percent and 5.6 percent, respectively. Due to a change in professional acceptance, there will be a shift in emphasis from the diploma nursing school to the baccalaureate nursing program in the academic program activity.

Objectives for 1974:

The basic objective of the Freedmen's Hospital is to operate an efficient institution providing quality patient care in the Metropolitan Washington Area. In addition, the hospital will serve as a teaching resource in the training of medical and para-medical students in the total health science area and is expected to develop professional talent to create and encourage an effective research program.

In 1974 the census will increase slightly to 380 patients while outpatient visits are estimated to reach 157,000, an increase of five percent. It is proposed to provide the increased service with an increase in fund support.

CONSTRUCTION

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Other expenses................	---	$16,625,000	---	$3,419,000	---	$-13,206,000
Total obligations...	---	$16,625,000	---	$3,419,000	---	$-13,206,000
Subactivities:						
Planning and site development..............	---	$ 425,000	---	$ 56,000	---	$ -369,000
Buildings and land acquisitions.............	---	16,200,000	---	3,363,000	---	-12,837,000
Total obligations...	---	$16,625,000	---	$3,419,000	---	$-13,206,000

General Statement

The building program at Howard University has largely followed the Master Development Program, as prepared in 1951 with the cooperation of General Services Administration as authorized by an appropriation of $50,000 by the Congress (Public Law 639,80th Congress, approved June, 1949). This program was based upon a twenty year projection which would make it possible to accommodate an equivalent of 5,200 full-time students in ten schools and colleges for a regular two-semester school year. The student projection of 5,200 was reached in 1963. The full-time equivalent student enrollment for 1974 is expected to be 10,568. In order to update the Master Development program, the Congress authorized two appropriations in 1965 and 1967 totaling $60,000 to study the building needs of the university for the next twenty years. This study was completed in 1966 and received the approval of the National Capital Planning Commission. In general the revised Master Development program provided educational, administrative, service, and auxiliary facilities for a full-time equivalent of 12,000 students or an increase of 6,800 over the 1951 plan. The university is currently revising the 1966 plan to accommodate a projected student population of 20,000 or an increase of 8,000.

The transfer of Freedmen's Hospital to the supervision of Howard University, the acquisition of the old Griffith Stadium site, and construction of a new 500 bed teaching hospital represent the major developments not contemplated in the original building program.

The proposed program envisions the acquisition of approximately 46 acres of additional land contiguous to the present campus site. The university has developed preliminary plans for the use of the Freedmen's Hospital area and they have been submitted to the General Services Administration for review. The sum of $300,000 was appropriated in 1971 for this purpose.

CONSTRUCTION

	1973		1974		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Other expenses	---	$16,625,000	---	$ 3,419,000	---	$-13,206,000
Total	---	$16,625,000	---	$ 3,419,000	---	$-13,206,000
Projects:						
Carver Hall Renovations	---	$ 22,000	---	$ ---	---	$ -22,000
Classroom Building #2	---	32,000	---	---	---	-32,000
Classroom Building #3	---	137,000	---	---	---	-137,000
Classroom Building #4	---	149,000	---	---	---	-149,000
Master Development Plan Freedmen's Square	---	292,000	---	---	---	-292,000
Men's Dormitory #4	---	185,000	---	---	---	-185,000
Physical Education Building (Men)	---	3,000	---	---	---	-3,000
Physical Education Building (Women)	---	2,441,000 (1)	---	---	---	-2,441,000
Power Plant Facilities	---	1,976,000	---	---	---	-1,976,000
Science Library	---	100,000	---	---	---	-100,000
Site for University Expansion	---	43,000	---	---	---	-43,000
Social Work Building	---	29,000	---	14,000	---	-15,000
University Center	---	3,792,000	---	---	---	-3,792,000
University Hospital	---	1,683,000	---	488,000	---	-1,195,000
University Hospital equipment	---	16,000	---	2,855,000	---	+2,839,000
University Hospital Pavilion	---	454,000	---	45,000	---	-409,000
Women's Dormitory #7	---	2,000	---	7,000	---	+5,000
Women's Dormitory #8	---	33,000	---	---	---	-33,000
Engineering Building Addition	---	326,000	---	---	---	-326,000
Dental Building Addition	---	12,000	---	---	---	-12,000
Site Planning and Development	---	33,000	---	10,000	---	-23,000
Land Acquisitions:						
Griffith Stadium Properties	---	1,065,000	---	---	---	-1,065,000
Fifth Street Properties	---	1,306,000	---	---	---	-1,306,000
Renovations:						
Chemistry Building	---	1,200,000	---	---	---	-1,200,000
University Library	---	1,294,000	---	---	---	-1,294,000
Total obligations	---	$16,625,000	---	$ 3,419,000	---	$-13,206,000

1. Physical Education Building (Women) - Request to be made for reprogramming of funds to University Center.

Program, Purpose and Accomplishments

Activity: Operations, Academic Program

1973 Available Appropriation		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
2,450	$35,548,000	Definite	2,576	$42,948,000

Purpose:

This activity provides support for the total program of the university, including sub-activities such as instruction and departmental research; research and training sponsored by outside organizations and agencies; libraries that serve the several areas of specialized instruction; administrative and support services; operation and maintenance of the physical plant; auxiliary enterprises; and student aid.

Explanation:

Instruction, with its supporting sub-activities, provides education on the undergraduate, graduate, and professional levels for students who find it difficult, or impossible to secure the type and quality of training of their own choosing within their locality. While this education is available at Howard University to all without regard to race, creed, or national origin, the university undertakes to give special attention to the needs of Blacks and other minorities.

Accomplishments in 1973:

The university will continue improvement in its educational programs in 1973 by (1) establishing 27 new teaching positions in liberal arts and communications and the addition of 31 new positions as support for the teaching staff; (2) continuing improvement of faculty salaries at a reasonable level of comparability; (3) continued partial support for the university retirement program; and (4) the completion of the centrex telephone system.

Objectives for 1974:

The overall goal of the university in 1974 is to continue strengthening programs and services to provide more effective teaching in all academic units; inaugurate a ten-year development program to increase substantially its financial, physical and human resources; become more graduate and professionally oriented; and to achieve resource comparability with eleven private major American universities of comparable size, program, scope and administrative complexity.

Activity: Freedmen's Hospital

1973 Available Appropriation		1974		
			Budget Estimate	
Pos.	Amount	Authorization	Pos.	Amount
1,405	$14,925,000	Definite	1,405	$14,925,000

Purpose:

The Freedmen's Hospital furnishes inpatient and outpatient care for the community and serves as a facility for training of physicians, nurses, professional, and technical health personnel. It is the teaching hospital for Howard University's health center.

Explanation:

Operation of the hospital is financed by direct appropriation and income derived from charges for medical and hospital services to patients, medicare patients and patients certified by the District of Columbia and other jurisdictions. The hospital operates a total of 417 beds and 40 bassinets.

Accomplishments in 1973:

In 1972 the hospital provided inpatient care for an average daily census of 356.4 patients (including newborn) and 141,015 outpatient visits were provided.

In 1973 it is expected that inpatient load will increase over the 1972 level to an average daily census of 378 patients. The outpatient visit level is also expected to continue its rising trend and reach a total of 149,000 outpatient visits. Because of a change in student demand, there will be a phase-out of the diploma nursing school with the demand for nurse training supplied by the baccalaureate nurse program in the academic program activity.

Objectives for 1974:

The basic long-term objective of the Freedmen's Hospital is to operate an efficient institution providing a good quality of medical care to its patient clientele in the Metropolitan Washington Area, functioning as a fully adequate locale for the teaching functions of Howard University and for the training of para-medical personnel and utilizing the resources that are available in patient material and professional talent to develop a creative and effective research program.

Patient load estimates for 1974 envision a slight increase in average daily census to 380 and outpatient visits to 147,000, the latter representing an increase of 5% over 1973.

Activity: Construction, Planning and Site Development

1973 Available Appropriation Amount	1974 Authorization	1974 Budget Estimate Amount
None	Definite	None

Purpose:

Development of the university building program requires advanced planning for facilities which will adequately accommodate the present student body and for planned growth during the next twenty years. It is expected that the university will be able to serve 20,000 students at the end of that period.

Explanation:

The planning funds included in the 1972 request provided for plans and specifications of a hospital pavilion for ambulatory and extended care patients which will complement the new 500-bed teaching hospital.

Accomplishments in 1973:

The new university teaching hospital is currently under construction and plans for the hospital pavilion, the medical-dental library and the dental building addition are in progress.

Objectives for 1974:

The university plans to move ahead with twelve continuing projects which are in varying stages of completion.

Activity: Construction - Land Acquisition, Equipment and Building Renovations

1973 Available Appropriation Amount	1974 Authorization	1974 Budget Estimate Amount
$8,408,000	Definite	None

Purpose:

The construction phase of the building program at Howard University is designed to execute projects after plans and specifications have been completed by the architect - engineer, and to carry out other types of projects, such as major renovations or purchase of facilities, and land acquisition.

Explanation:

Appropriations are made to finance building projects as they are needed to fulfill physical facility requirements of the educational programs, in accordance with Master Development plans.

Accomplishments in 1973:

The university teaching hospital is currently under construction; the partial renovation of warehouse service building #2 is expected to be completed soon and a contract to completely renovate the university power plant was awarded with an estimated completion date in early FY 1974. The university further anticipates construction of the engineering building addition to begin shortly.

Objectives for 1974:

The university plans to acquire additional land through funds appropriated in the 1973 request and to renovate the chemistry building and the university library. It is further anticipated that construction will start on the student center building and additional moveable equipment will be purchased for the new university teaching hospital.

TABLE I

HOWARD UNIVERSITY

FULL-TIME EQUIVALENT ENROLLMENT BY
SCHOOLS AND COLLEGES FOR FALL AND SPRING SEMESTERS (1)
FOR YEARS 1972 THROUGH 1974

		1972 Actual	1973 Estimate	1974 Estimate
	Undergraduate			
1.	College of Liberal Arts	3,847	3,597	3,500
	Graduate and Professional Schools			
1.	Graduate Arts and Sciences	1,598	1,750	1,900
2.	Social Work	118	133	150
3.	Education	168	116	200
4.	Business and Public Administration	818	885	890
5.	Communications	176	260	300
6.	Allied Health Sciences	---	75	100
7.	Engineering	543	537	600
8.	Architecture	245	246	275
9.	Fine Arts	479	446	500
10.	Medicine	437	469	470
11.	Dentistry*	413	393	400
12.	Pharmacy	236	307	310
13.	Nursing	180	256	260
14.	Law	438	417	430
15.	Religion	70	58	70
	Sub-total	5,919	6,348	6,855
	Total - University	9,766	9,945	10,355
	Freedmen's Hospital			
	Interns	37	35	38
	Nurses	56	35	0
	Residents	105	114	120
	Technicians	51	53	55
	Sub-total	249	237	213
	Total - Full-time enrollment	10,015	10,182	10,568

(1) Exclusive of summer session, junior music.

* Includes Dental Hygienists.

TABLE II

HOWARD UNIVERSITY

GROSS ENROLLMENT BY SCHOOLS AND COLLEGES* FOR FALL SEMESTER OF 1972 COMPARED WITH 1973 THROUGH 1974

		FIRST SEMESTER GROSS ENROLLMENT		
		1971-72 Actual	1972-73 Actual	1973-74 Estimate
	Undergraduate			
1.	College of Liberal Arts**	4,305	3,597	3,550
	Graduate and Professional Schools			
1.	Graduate Arts and Sciences	1,470	1,750	1,750
2.	Social Work	115	133	135
3.	Education**	---	116	130
4.	Business and Public Administration	661	885	900
5.	Communications**	---	260	265
6.	Allied Health Sciences	---	30	35
7.	Engineering	603	537	545
8.	Architecture	252	246	250
.	Fine Arts	425	446	450
10.	Medicine	400	469	470
11.	Dentistry***	384	438	440
12.	Pharmacy	190	307	310
13.	Nursing	160	256	260
14	Law	359	417	420
15.	Religion	61	58	60
16.	University - Without - Walls	---	25	30
	Freedmen's Hospital	256	226	184
	Sub - total	5,336	6,599	6,634
	Total - Gross	9,641	10,196	10,184

*Exclusive of special programs in religion and music.

**Enrollment figures adjusted to reflect creation of new schools of education and communications in Fall, 1971-72.

***Dental Hygienists included.

TABLE III

HOWARD UNIVERSITY

FULL-TIME EQUIVALENT ENROLLMENT BY SCHOOLS AND COLLEGES* FOR FIRST SEMESTER OF 1972 THROUGH 1974

		1971-72 Actual	1972-73 Actual	1973-74 Estimate
	Undergraduate			
1.	College of Liberal Arts	4,100	3,600	3,475
	Graduate and Professional Schools			
1.	Graduate Arts and Sciences	1,400	1,500	1,595
2.	Social Work	110	135	137
3.	Education	---	116	130
4.	Business and Public Administration	630	867	880
5.	Communications	---	255	260
6.	Allied Health Sciences	---	30	35
7.	Engineering	575	540	550
8.	Architecture	240	242	240
9.	Fine Arts	405	440	440
10.	Medicine	400	469	470
11.	Dentistry**	384	438	440
12.	Pharmacy	190	307	310
13.	Nursing	160	229	245
14.	Law	359	417	420
15.	Religion	59	58	60
16.	University - Without - Walls	---	25	30
	Freedmen's Hospital	256	226	184
	Sub - total	5,168	6,294	6,425
	Total	9,268	9,894	9,901

*Exclusive of students registered in special programs in music and religion.

**Dental Hygienists included.

TABLE IV

OBLIGATIONS OF HOWARD UNIVERSITY FOR 1974 COMPARED WITH 1972 and 1973

	1972 Actual	1973 Estimate	1974 Estimate
1. Operations:			
(a) Academic program......	$61,144,000	$62,103,000	$69,503,000
(b) Freedmen's Hospital...	22,018,000	23,045,000	23,045,000
Sub-total..........	$83,162,000	$85,148,000	$92,548,000
2. Construction:			
(a) Planning and site development.........	$ 213,000	$ 879,000	$ 56,000
(b) Buildings.............	42,033,000	15,746,000	3,363,000
Sub-total..........	$42,246,000	$16,625,000	$ 3,419,000
Total obligations..	$125,408,000	$101,773,000	$95,967,000

TABLE IV-A

NEW OBLIGATIONS AUTHORITY (NOA) FOR HOWARD UNIVERSITY FOR 1972, 1973 and 1974

	1972 Actual	1973 Estimate	1974 Estimate
1. Operations:			
(a) Academic program - Appropriated........	$31,633,000	$35,548,000	$42,948,000
(b) Freedmen's Hospital - Appropriated........	14,009,000	14,925,000	14,925,000
Sub-total.......	$45,642,000	$50,473,000	$57,873,000
2. Construction:			
(a) Planning and site development.........	$ 500,000	$ ---	$ ---
(b) Buildings and land acquisition.........	15,199,000	8,408,000	---
Sub-total.......	$15,699,000	$ 8,408,000	$ ---
Total, NOA......	$61,341,000	$58,881,000	$57,873,000

TABLE V

ANALYSIS OF FINANCING IN SUPPORT OF BUDGET ESTIMATES FOR FISCAL YEARS 1972 THROUGH 1974

	1972 Actual	1973 Estimate	1974 Estimate
From Non-Federal Sources			
1. Student Fees - Tuition..........	$6,874,000	$ 8,797,000	$ 8,797,000
Incidental & Service............	1,551,000	1,421,000	1,421,000
2. Endowment Income................	558,000	393,000	393,000
3. Gifts and Grants................	13,899,000	9,894,000	9,894,000
4. Sales & Services of Educational Departments & Activities......	255,000	228,000	228,000
. Other Income....................	71,000	87,00	87,0
6. University resources............	719,000	---	---
7. Auxiliary Enterprises...........	3,193,000	3,658,000	3,658,000
8. Student Aid.....................	2,391,000	2,077,000	2,077,000
9. Patient Collections - Freedmen's Hospital...........	8,009,000	8,120,000	8,120,000
Total, Non-Federal.........	$37,520,000	$34,675,000	$34,675,000
From Government Appropriations			
Howard University - Academic Program			
Operations.................	$31,633,000	$35,548,000	$42,948,000
Construction -			
NOA.........................	11,663,000	6,571,000	- -
Unobligated balance........	30,583,000	10,054,000	3,419,000
Freedmen's Hospital -			
Operations.................	14,009,000	14,925,000	14,925,000
Total, Government Funds....	$87,888,000	$67,098,000	$61,292,000
Total, Financing...........	$125,408,000	$101,773,000	$95,967,000

TABLE VI

HOWARD UNIVERSITY

SCHEDULE OF COMPREHENSIVE TUITION FEES* EFFECTIVE FOR FISCAL YEAR 1972-73

	School or College	Fees for 2 Semesters
1.	Liberal Arts	$ 900
2.	Graduate School	900
3.	Social Work	900
4.	Business	900
5.	Engineering	900
6.	Architecture	900
7.	Fine Arts:	
	Music	964
	Art and Drama	900
8.	Medicine	1,200
9.	Dentistry	1,050
10.	Dental Hygiene	900
11.	Pharmacy	900
12.	Nursing	900
13.	Law	900
14.	Education	900
15.	Religion	900

*Comprehensive tuition includes fees previously charged for tuition, athletics, health service, library, laboratory, and graduation.

TABLE VII

FREEDMEN'S HOSPITAL

Patient Statistics

	1972 Actual	1973 Estimate	1974 Estimate
Inpatient			
Inpatient Admissions	10,375	11,300	11,400
Average Daily Census including newborns 1/	356.4	378	380
Outpatient			
Clinic visits	80,330	86,000	92,000
Emergency visits	60,685	63,000	65,000
Total outpatient visits	141,015	149,000	157,000

1/ Includes 28.3 newborns in 1972 and 29 in 1973 and 1974.

Trainee Positions by Type of Training

Type of Training	Trainee Positions 1972	1973	1974
Pharmaceutical Intern	3	3	3
Hospital Administrative Intern	1	1	1
Dietetic Intern	14	14	14
Student Nurse	84	42	0
House Officers			
Dental Intern	3	3	3
Medical Intern	26	32	32
Dental Resident	2	2	2
Medical Resident	86	92	92
Occupational Therapy Intern	1	1	1
Student X-Ray Technician	20	20	20
Nurse Anethetist	4	4	4
Medical Technician	12	12	12
Total	256	226	184

TABLE VIII
BUILDING PROGRAM

Statement of Appropriations, Obligations, Expenditures and Balances
at June 30, 1972

Project	Appropriations	Obligations	Expenditures	(T) Transfers & Rescissions	Balances Obligated	Balances Unobligated
Auditorium-Fine Arts Building................	$ 3,745,000	$ 3,719,062	$ 3,719,062	$ -25,938	$ ---	$ ---
Science Hall Alteration...	320,000	319,937	319,937	-63	---	---
Law School Building.......	1,410,000	1,384,796	1,384,796	-25,204	---	---
Biology-Greenhouse Bldg...	1,872,000	1,872,000	1,872,000	---	---	---
Administration Building...	1,625,000	1,621,797	1,621,797	-3,203	---	---
Men's Dormitory #3........	2,000,000	1,820,671	1,820,671	-179,329	---	---
Pre-Clinical Medical Bldg.	4,626,000	4,624,767	4,624,767	-1,233	---	---
Pharmacy Building.........	960,000	959,990	959,990	-10	---	---
Dental Building...........	3,300,160	3,299,204	3,299,204	-956	---	---
Engineering Building......	2,161,340	2,161,340	2,161,340	---	---	---
Women's Dormitories Nos. 4 & 5..............	1,790,000	1,787,474	1,787,474	-2,526	---	---
Master Development Program	410,000	118,367	106,367	---	12,000	291,633
Physical Education Building (Men)..........	4,150,000	3,414,338	3,414,338	-677,000(T) -2,753 -53,000(T)	---	2,909
Science Library...........	100,000	---	---	---	---	100,000
Home Economics Building...	1,175,000	1,174,975	1,174,975	-25	---	---

Project	Appropriations	Obligations	Expenditures	(T) Transfers & Rescissions	Balances Obligated	Balances Unobligated
Power Plant Survey......	$ 21,000	$ 21,000	$ 21,000	$ ---	$ ---	$ ---
Classroom Building #2...	2,330,000	2,298,073	2,294,116	---	3,957	31,927
Women's Dormitory #7....	3,537,000	3,528,454	3,528,203	---	251	8,546
Warehouse Service Building No. 1........	602,000	563,000	563,000	-39,000	---	---
Men's Dormitory #4......	3,853,000	31,049	31,049	---	---	3,821,951
Site Planning and Development...........	439,000	158,465	157,924	---	541	280,535
University Hospital.....	44,339,000	42,163,658	5,286,364	---	36,877,294	2,175,342
Power Plant Facilities..	2,464,000	2,341,074	2,038,921	+53,000(T)	302,153	175,926
Telephone Underground Duct System...........	122,000	48,948	48,948	-73,052	---	---
Power Plant, Boiler Generator.............	792,000	789,358	789,358	-2,642	---	---
Social Work Building....	1,490,000	1,447,434	1,441,442	---	5,992	42,566
Women's Dormitory #8....	2,891,000	2,858,185	2,809,332	---	48,853	32,815
Site for University Expansion.............	1,725,000	1,681,751	1,681,751	---	---	43,249
University Center Bldg..	3,323,000	208,334	205,367	+677,000(T)	2,967	3,791,666
Medical-Dental Library Expansion.............	24,000	24,000	14,430	---	9,570	---
Warehouse Service Building #2...........	700,000	700,000	410,824	---	289,176	---

Project	Appropriations	Obligations	Expenditures	(T) Transfers & Rescissions	Balances Obligated	Balances Unobligated
Carver Hall Renovation..	$ 260,000	$ 812,588	$ 601,268	$ +575,000(T)	$ 211,320	$ 22,412
Slowe Hall Renovation...	400,000	---	---	-400,000(T)	---	---
Classroom Building #3...	150,000	12,838	12,838	---	---	137,162
Classroom Building #4...	150,000	650	650	---	---	149,350
Dental Building Addition	200,000	188,164	46,734	---	141,430	11,836
Physical Education Building (Women)......	2,760,000	144,185	144,185	-175,000(T)	---	2,440,815
Founders Library Expansion.............	100,000	6,209	6,209	---	---	93,791
Engineering-Chemical Engineering Addition..	326,600	---	---	---	---	326,600
University Teaching Hospital-Equipment....	1,663,400	629,672	33,682	---	595,990	1,033,728
University Teaching Hospital-Pavilion.....	500,000	---	---	---	---	500,000
Total	$104,806,500	$88,935,807	$50,434,313	$(-355,934)	$38,501,494	$15,514,759

TABLE IX

HOWARD UNIVERSITY

STATUS OF BUILDING PROJECTS AT JUNE 30, 1972, SHOWING APPROPRIATED AND REQUESTED OBLIGATIONAL AUTHORITY

	DIRECT APPROPRIATIONS		
Completed Projects	Plans and Specifications	Construction	Total Obligational Authority
1. Master Development	$ 50,000	$ ---	$ 50,000
2. Power Plant Survey	21,000	---	21,000
3. Women's Dormitories	39,600	1,750,400	1,790,000
4. Engineering Building	42,480	2,118,860	2,161,340
5. Dental School	42,480	3,257,680	3,300,160
6. Science Hall Alterations	12,760	307,240	320,000
7. Pharmacy Building	55,500	904,500	960,000
8. Biology-Greenhouse Bldg.	101,500	1,770,500	1,872,000
9. Law School Building	107,900	1,302,100	1,410,000
10. Administration Building	90,500	1,534,500	1,625,000
11. Pre-Clinical Medical Bldg.	190,000	4,436,000	4,626,000
12. Men's Dormitory #3	101,800	1,898,200	2,000,000
13. Auditorium-Fine Arts Bldg.	57,015	3,687,985	3,745,000
14. Home Economics Building	70,000	1,105,000	1,175,000
15. Power Plant Facilities - Repairs and Boilers	---	1,292,000	1,292,000
16. Telephone Duct System	---	122,000	122,000
17. Physical Ed. Bldg. (Men)	203,000	3,270,000(1)	3,473,000
18. Classroom Building #2	105,000	2,225,000	2,330,000
19. Warehouse Service Bldg. #1	52,000	550,000	602,000
20. Women's Dormitory #7	120,000	3,417,000	3,537,000
21. Social Work Building	56,000	1,434,000	1,490,000
22. Women's Dormitory #8	150,000	2,741,000	2,891,000
23. Carver Hall Renovation	---	835,000	835,000
Total-Completed Projects	$1,668,535	$39,958,965	$41,627,500
Under Construction in 1973			
1. Renovation of Electrical and Steam Distribution	$ 85,000	$ 1,879,000	$ 1,964,000
2. University Teaching Hospital	1,230,000	43,109,000	44,339,000
3. Warehouse Service Bldg.#2	---	700,000	700,000
Total-Projects for Construction - 1973	$1,315,000	$45,688,000	$47,003,000
In Planning Stages in 1973			
1. Master Development Program	$ 360,000	$ ---	$ 360,000
2. Men's Dormitory #4	139,000	3,714,000	3,853,000
3. Classroom Building #3	150,000	---	150,000
4. Medical-Dental Library Expansion	24,000	---	24,000
5. Engineering Bldg. - Addition for Chemical-Engineering	---	326,600	326,000

(1) $677,000 transferred to University Center Building from unobligated balance.

In Planning Stages in 1973 (Continued)	Plans and Specifications	Construction	Total Obligational Authority
6. Gen'l Lib. Expansion	$ 100,000	$ ---	$ 100,000
7. Science Library	100,000	---	100,000
8. Classroom Bldg. #4	150,000	---	150,000
9. Dental Building Addition	200,000	---	200,000
10. Physical Education Bldg. (Women)	140,000	2,445,000	2,585,000
11. Hospital Pavilion for ambulatory and extended care patients	500,000	---	500,000
12. Site Plans and Development	20,000	419,000	439,000
Total-Projects in Planning Stages - 1973	$1,883,000	$ 6,904,600	$ 8,787,600
Acquisitions - Land and Equipment In Progress			
1. Site for University Expansion-Griffith Stadium	$ ---	$ 1,725,000	$ 1,725,000
2. Teaching Hospital - movable equipment	---	1,663,400	1,663,400
Total-Acquisitions in Progress-1973	$ ---	$ 3,388,400	$ 3,388,400
Planning Completed - Projects ready for bid			
1. University Center	$ 240,000	$ 3,760,000	$ 4,000,000
In 1973 Appropriation			
1. Power Plant addition	$ ---	$ 1,800,000	$ 1,800,000
2. Purchase - 5th Street properties	---	1,306,000	1,306,000
3. Purchase - Griffith stadium properties	---	1,065,000	1,065,000
4. Teaching Hospital - balance movable equipment	---	1,837,000	1,837,000
5. Chemistry Bldg. renovation	---	1,200,000	1,200,000
6. University library renovations	---	1,200,000	1,200,000
Total - 1973	$ ---	$ 8,408,000	$ 8,408,000
In 1974 Estimates			
None	---	---	---
Total - Building Program	$5,106,535	$108,107,965	$113,214,500

SUBCOMMITTEE RECESS

Senator COTTON. We will recess the hearings for today and resume a week from now, after Memorial Day recess, with the hearing on libraries, 10 a.m., Wednesday, May 30.

This subcommittee stands adjourned.

[Whereupon, at 5 p.m., Wednesday, May 23, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, May 30.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1974

WEDNESDAY, MAY 30, 1973

U.S. Senate,
Subcommittee of the Committee on Appropriations,
Washington, D.C.

The subcommittee met at 10 a.m. in room S–126, the Capitol, Hon. Warren G. Magnuson [chairman] presiding.

Present: Senator Magnuson.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Library Resources

STATEMENT OF PETER P. MUIRHEAD, ACTING DEPUTY COMMISSIONER FOR HIGHER EDUCATION

ACCOMPANIED BY:

- **DR. JOHN R. OTTINA, COMMISSIONER OF EDUCATION-DESIGNATE**
- **DICK HAYS, ACTING ASSOCIATE COMMISSIONER, BUREAU OF LIBRARIES AND LEARNING RESOURCES**
- **WILLIAM J. BAREFOOT, JR., EXECUTIVE OFFICER, OFFICE OF DEPUTY COMMISSIONER FOR HIGHER EDUCATION**
- **KATHLEEN MOLZ, PLANNING OFFICE, BUREAU OF LIBRARIES AND LEARNING RESOURCES**
- **MARY HELEN MAHAR, PROGRAM OFFICER, ESEA II AND NDEA III**
- **PATRICIA A. SMITH, SPECIAL ASSISTANT, BUREAU OF LIBRARIES AND LEARNING RESOURCES**
- **HELEN PORTER, ACTING EXECUTIVE OFFICER, BUREAU OF LIBRARIES AND LEARNING RESOURCES**
- **JOE G. KEEN, BUDGET OFFICER**
- **CHARLES W. SCHNELLBACHER, BUDGET ANALYST**
- **CHARLES MILLER, DEPUTY ASSISTANT SECRETARY, BUDGET**

TERMINATION OF DIRECT FEDERAL SUPPORT TO LIBRARY PROGRAMS

Senator Magnuson. The subcommittee will come to order.

There will be some other members along shortly. Today we will hear from Peter Muirhead, who will present testimony on the library resources budget.

The budget proposes termination of all direct Federal support for various library programs, including public libraries, elementary school libraries, college libraries, and the training of librarians.

Would you go ahead, Mr. Muirhead, and proceed with your statement.

Mr. **Muirhead**. Thank you very much, Mr. Chairman.

INTRODUCTION OF ASSOCIATES

If I could, I would like to introduce Mr. Hays who is directly on my right, and, of course, Commissioner Ottina and Mr. Charles Miller, who are at the table. You do have the list before you of our other representatives in the library program.

I have a short statement that I would like to read now, with your permission.

Senator **Magnuson**. Go right ahead.

Now, how many of these people are new here?

Mr. **Muirhead**. Let me indicate who they are, and all of them have been active in the library program for some time.

Senator **Magnuson**. But there are new Acting Deputy Commissioners and so forth.

LIBRARY RESOURCES APPROPRIATION REPORT

Mr. **Muirhead**. Mr. Chairman and members of the subcommittee, I would like to report to you on the library resources appropriation, which includes the major library-related programs administered in the U.S. Office of Education, affecting public libraries, elementary and secondary school libraries, and academic libraries. It also includes the librarian training and the library demonstration programs.

The programs contained in this appropriation are categorical aid, and they are designed to achieve specific objectives. Federal support, according to our proposal, should now shift from this type of aid to broad educational objectives which allow State and local officials more flexibility in establishing priorities. Although no funding is requested for this appropriation in fiscal year 1974, it is anticipated that support will be continued for the most promising of these programs, with assistance from other Federal and non-Federal sources.

Since the enactment of the public library program in 1956, Federal funds supported public library services to about 87 million people, of which about 17 million received such services for the first time. Today, about 88 percent of the population is in a library service area. This is due in large measure to the increased local support for public libraries, which, in significant part, was stimulated by the seed money from the Federal Government. We feel that the responsibility for this program should now be assumed by State and local governments.

School library materials may be purchased under other broad educational authorities serving elementary and secondary school systems.

In 1974, Federal assistance to college libraries will be discontinued in favor of student assistance. These students will carry the funds to the institutions of their choice.

Exemplary library demonstration programs that go under title II-B of the Higher Education Act may be funded by the National Institute of Education.

Mr. Chairman, my colleagues and I will be glad to answer any questions that you may have.

Senator **Magnuson**. Well, I do not have many questions, because, apparently, you people want to quit the library business, period, simply phase it out.

For the record, in 1972, we appropriated $176 million; in 1973, we appropriated $215 million, but you only spent $122.7 million; and in 1974 you proposed nothing. The continuing resolution for 1973 allows $184,500,000.

Now, how has this happened, Charlie?

Mr. **Miller**. Well, we submitted a letter.

Senator **Magnuson**. Is this the same letter we are getting into over an interpretation of a continuing resolution?

Mr. **Miller**. No, I do not think we are arguing over the interpretation, Mr. Chairman.

We did submit a letter to both the House and the Senate subcommittees telling them what our spending plan was for fiscal year 1973. It is below the authorized level in the continuing resolution, about which I think we agree now. But we have an opinion from the Justice Department.

Senator **Magnuson**. The continuing resolution for fiscal year 1973 provides $184,500,000, and the spending level is $122,700,000?

Mr. **Miller**. That is correct.

Senator **Magnuson**. How do you account for that $50 million?

Mr. **Miller**. As we said in the letter that we wrote to you, Mr. Chairman, the opinion that we have from the Justice Department—and it is not a formal, written opinion; it was merely an approval of a paragraph that we sent in a letter to you—is that the continuing resolution level constitutes an authorized level, a maximum level, but we do have authority to spend below that level.

Senator **Magnuson**. And your spending level is $122.7 million?

Mr. **Miller**. It is more than that for the entire library resources appropriation, Mr. Chairman. We also have in our plan $15 million from a supplemental appropriation for college libraries.

Senator **Magnuson**. That is for the next month?

Mr. **Miller**. No. I am sure it will be spent throughout the year.

Senator **Magnuson**. Well, how much did you spend?

Mr. **Miller**. I am not sure whether or not we have the figures on our current obligations.

Senator **Magnuson**. My information is that you have spent $184.5 million.

Mr. **Miller**. No.

Senator **Magnuson**. How much has been spent under the continuing resolution?

Mr. **Keen**. As of today, we have obligated $122.7 million.

Senator **Magnuson**. How do you account for not spending the $50 million?

Mr. **Miller**. That is the reason that I just gave you, Mr. Chairman. Our spending plan is $122.7 million.

Senator Magnuson. A $50 million cut under the continuing resolution for 1973, and a 1974 budget request of zero?

Mr. Miller. Yes.

Senator Magnuson. Well, that is all there is to it.

I do not have any questions.

That is what you are apparently going to do, and we are going to have hearings on this. We are going to discuss it. I do not know what the committee will do.

Now, we put in last night, in the Senate bill on the second supplemental, $17 million. We denied the rescission of that $17 million; and if that goes to conference, which I hope it will do this week, we will come out with some amounts again that you should spend—not necessarily spend, but activate during the time between now and July 1.

I do not think, of course, that this brings facilities and services within everybody's reach. Some of the projects in the States are for the handicapped and elderly, even prisoners and hospitalized people, and I do not know who will speak for them when the States are distributing funds in the library situation. There is no plan for hospitalized persons.

PENDING APPLICATIONS FOR LIBRARY CONSTRUCTION

Are there any applications for library construction still pending?

Mr. Hays. Yes, sir.

Senator Magnuson. Will you put in the record how many?

Mr. Hays. Yes, sir.

Senator Magnuson. And what the dollar total will be?

Mr. Hays. Yes, we will be pleased to do that.

[The information follows:]

PUBLIC LIBRARY CONSTRUCTION PROJECTS

	Construction projects pending at State agencies	Estimated Federal funding (in thousands of dollars)
Estimated number of construction projects pending July 1, 1972	192	$35, 140
Estimated number to be funded in 1972 from LSCA II carryover	35	2, 740
Estimated pending at State agency July 1, 1973	157	32, 400

Note: Preliminary data 50 State library agencies reported as of March 1972.

LIBRARIES IN PLANNING STAGE

Senator Magnuson. And we have heard that there are several library officials who have libraries in the planning stage. They say, of course, that without direct Federal support, the libraries will not get off the ground. I do not know if the States are picking up this at all.

Now, what statistics do you have—because we will be hearing about this—on how many elementary schools have inadequate or no libraries at all? Do you know that figure?

Mr. Muirhead. We do have such a figure, yes.

Senator Magnuson. How do you figure that direct Federal support in student aid dollars might affect library programs?

Mr. MUIRHEAD. I do not think we claim that the increase in student aid——

Senator MAGNUSON. Well, how about junior colleges and community colleges? I think it would help in the higher education, indirectly; at least it is going to be helpful, particularly if the BOG program goes through.

Mr. MUIRHEAD. Yes. It seems to me that we should discuss with you a little more just what our rationale is for this step, because we certainly would not want the record to indicate that we are not in favor of libraries. Libraries, indeed, are the very cornerstone of our educational system.

What we do want to indicate, Mr. Chairman, is that here, looking at the public libraries, for example, which have been in existence now since 1957, that the Federal interest has indeed made a great difference and has extended library services to a very significant part of the Nation. To give you some figures on it, for example, the public libraries have been supported since 1957 with a total of over $½ billion in Federal support. That seed money has led to a great deal of State and public support in the libraries.

We are saying, now, Mr. Chairman, that with scarce resources at the Federal level that, perhaps, this program should become part of general revenue sharing. Indeed, the language in general revenue sharing identifies it.

Senator MAGNUSON. Well, that is Alice-in-Wonderland, pure fantasy, to think that from the amount of money that they are getting—the States and communities, counties, school districts—under general revenue sharing, that they are going to spend it on libraries. Libraries with them would be a pretty low priority. It does not amount to much. There is no new money; they have just got to shift their priorities.

That is the myth of general revenue sharing. There is no new money at all. It is just giving it to them in a different way, and there is not enough.

GENERAL REVENUE SHARING FUNDS USED FOR LIBRARY SERVICES

If you have any State-by-State breakdown on how much general revenue sharing money that the local government has used for library services, I would like to have it.

Mr. MUIRHEAD. We will provide that for the record. Of course, it has not been in operation long enough to have a very detailed record, but we will provide the information we do have.

[The information follows:]

States Which Reported Local Governments Receiving Revenue Sharing Funds for Public Libraries
(As of May 8, 1973)

State	Dollars (In thousands)	State	Dollars (In thousands)
TOTAL	$12,475		
Alabama	573	Nebraska	66
Arkansas	157	Nevada	41
California	1,575	New York	47
Connecticut	86	North Carolina	20
Delaware	5	Ohio	163
District of Columbia	50	Oklahoma	267
Florida	50	Oregon	850
Idaho	129	Pennsylvania	272
Illinois	1,095	Rhode Island	29
Kansas	73	South Carolina	49
Kentucky	200	Tennessee	305
Louisiana	576	Texas	1,371
Michigan	1,064	Utah	440
Minnesota	655	Virginia	667
Mississippi	806	Washington	389
Missouri	82	West Virginia	135
Montana	107	Wyoming	81

Note: Preliminary Data received from States

CONTINUATION OF FEDERAL SUPPORT ADVISED

Mr. **Muirhead.** I think it is fair to point out, Mr. Chairman, that the Federal program has indeed been but a very small part of the support of public libraries.

Senator **Magnuson.** I understand that. But that is why I think it should continue. I do not see how you can abruptly cut it off when we have not covered all of the places we want to cover.

RIGHT-TO-READ PROGRAM

We have got a lot of money in here for the right-to-read program. We are going to have Johnny read, but we do not give him anything to read, particularly when you get down to the lower grades. There are very, very few elementary and not too many secondary schools that have decent libraries.

Sure, it was seed money, but most of the legislatures have now met in fiscal 1974, and I do not know of any that have appropriated for any substantial library programs to take the place of what we would be cutting out. In other words, the complaint will be, I am sure, the abruptness of the change. There was no chance to phase in.

You would have to go to the State legislature that would meet next year—and some of them meet only every 2 years— and say, well, we have lost the Federal contribution. Therefore, the responsibility is for you to fill in that gap. There is going to be a vacuum here. This is the problem.

Dr. **Ottina.** Mr. Chairman, some States have already taken actions like that. Our records to date show that about 37 States have already filled in.

Senator **Magnuson.** Well, put those in the record.

[The information follows:]

STATES WITH STATE APPROPRIATIONS FOR PUBLIC LIBRARY PROGRAMS

- Alabama
- Alaska
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii [1]
- Idaho
- Illinois
- Kentucky
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- Ohio
- Oklahoma
- Pennsylvania
- Rhode Island
- South Carolina
- Tennessee
- Texas
- Vermont
- Virginia
- West Virginia
- Wisconsin

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[1] Hawaii is an integrated system; public library and State library support are shown as the State agency appropriation.

STATE APPROPRIATIONS

Senator **Magnuson**. They have not filled in the full amount?

Dr. **Ottina**. We have no figures on State appropriations but our records show that about $12 million in general revenue sharing has been committed to 221 local libraries.

Mr. **Hays**. The $12 million are actual commitments. The promises as well as commitments may total as much as $31 million.

Dr. **Ottina**. Which would be very much the same level as 1973.

Senator **Magnuson**. But it has not been adequate to make this coverage.

Of course, library construction is at a complete standstill all over the country, even remodeling. So there is a problem there. There may be some justification in suggesting that library construction should be a local responsibility.

Mr. **Hays**. Indeed, Senator, most of the $12 million that we have cited is for library construction.

Senator **Magnuson**. But they do not have the money, and the school districts do not have it. They are turning down school bonds all over the lot for general maintenance purposes and remodeling.

Well, I understand what you folks are trying to do, and I do not agree with it. But that is what you are trying to do. The program, the Federal program, if you had your way would be dead. Is that not a good way to put it?

Mr. **Muirhead**. No, I do not think that is a good way to put it.

Senator **Magnuson**. The $122 million is dead, is it not?

Mr. **Muirhead**. What we are hoping, Mr. Chairman, is that the program purposes will continue to be served. I have indicated that under the public library program, if the State decides that this is a high priority, can receive support under general revenue sharing.

BETTER SCHOOLS ACT

By the same line of reasoning, school districts and States can support libraries under the special revenue sharing or the Better Schools Act.

Senator **Magnuson**. Now, here we go again. You have not got a special revenue sharing bill.

Mr. **Muirhead**. No.

Senator **Magnuson**. All right.

Mr. **Muirhead**. But we have such a proposal before the Congress.

Senator **Magnuson**. But why do you not wait until you have it, before you rely upon it?

I do not know whether it is going to pass at all or not. If it does, it will not be this session; I will guarantee you that, the way it looks. That seems to be the climate, and these programs are alive, and they are moving.

Mr. **Miller**. Of course, Mr. Chairman, our budgets are always based upon our legislative proposals.

Senator **Magnuson**. Well, why do you not wait until you get them passed?

Mr. Miller. But when we have a legislative proposal before the Congress which will cost money, we also put money in the budget, even if the odds are that it will not pass that quickly. So it goes both ways.

Senator Magnuson. Well, what happens to programs in the meantime?

Mr. Miller. Well, of course, as the Secretary said——

Senator Magnuson. You want to phase them out?

Mr. Miller. We have to wait and see what happens in the meantime.

Senator Magnuson. But the library needs are there. They are national needs.

I do not know why, on special revenue sharing, that you do not wait until it is passed and signed. Then you can talk about how much you want to do.

We are going to have to face this problem that you and I discussed a couple of weeks ago about all of these programs—impacted aid, education for the handicapped, vocational education, library aid—which all zero because you are talking about a revenue sharing idea that does not even exist.

LEGISLATIVE PROGRAM AND THE BUDGET

That is no way to have your budget. You are hopeful it will pass. I do not know just what they are going to do with it, but I do not think, even if it does pass, that it would be the same, dollarwise, for the formulas in it that were proposed. That makes a difference in what you do or have to do. It may be entirely different formulas.

Mr. Miller. But the budget has to match our legislative program, and then it gets adjusted, depending on what the Congress ultimately does.

Senator Magnuson. Well, it should match your legislative program when the legislation is passed, not matched for something you think is going to happen. That would be like a bank saying, we can spend all the money, because we might discover a gold mine next week. Maybe they will and maybe they will not.

Mr. Miller. Mr. Chairman, for all departments, when we send the budget up, it matches the legislative program, and it gets adjusted after Congress acts on the legislation. But the budget that goes up in January always has the funds in that match the legislative proposals, and you adjust it later on.

Senator Magnuson. But at the end of the month we have to get out the 1974 budget, and you do not have general revenue sharing and you will not get it in a month. You know that.

Mr. Miller. But it is at that point that our decisions have to be made.

Senator Magnuson. Well, what are we going to do with these things if it does not pass or if it stays over until the next session? What are you going to do with all these programs? Are they just out?

CONTINUING RESOLUTION

Mr. Miller. Well, the Congress will determine what it wants to do under the continuing resolution, and the administration will get a chance to react to it.

Senator Magnuson. I am glad you said that.

If Congress determines what it wants to do, will you spend it?

Mr. Miller. That is the question we cannot answer at this point in time.

Senator Magnuson. We will determine it, if you will spend what we determine. But I think you are going to have to do something on these programs, and libraries are involved in this, too. We will have to go into this question later.

There are some States that are writing us. Here is the latest one, from Indiana. Some States are even ineligible for general revenue sharing.

BETTER SCHOOLS ACT

Dr. Ottina. Mr. Chairman, I think as we discuss the library program here that we should note that only one of the programs that we are describing in this context—that is, ESEA title II—is the only program which would be folded in the Better Schools Act, or the act that you have been referring to as special revenue sharing for education.

The other two are not affected by that proposed piece of legislation, and our position and our recommendation to you is based on existing legislation that does not expire, as in the case of ESEA title II.

Senator Magnuson. But you are still way under the congressional appropriation. You said Congress will determine the funding level. We determined it in the 1973 budget, but you are still way under what we determined.

Mr. Miller. I said Congress will determine what action it wanted the executive branch to take, and the executive branch would respond.

Senator Magnuson. Well, we passed this bill, did we not, and you are not spending it.

Mr. Miller. That is correct.

Senator Magnuson. All right.

That is school library resources title II.

Dr. Ottina. That is the only one that would be affected in the context that you were referring to earlier.

TERMINATION OF DIRECT FEDERAL SUPPORT TO LIBRARIES

Senator Magnuson. In library resources, the fiscal year 1973 conference bill appropriated $214,857,000, and you have got that down to $122 million. And for 1974, which will be here in 30 days, you have got nothing.

Mr. Muirhead. I think what we are here with, Mr. Chairman, is a proposal for 1974, and the Commissioner is quite right in pointing out that a major part of our proposal, that covering the public libraries and the college library proposals, are not based upon new legislation. They are based upon legislation which is now on the books.

We are proposing to you, Mr. Chairman, that in the light of our priorities and with the amount of resources that are available to the Office of Education for support of education, these programs, worthwhile as they are, are not of sufficient priority to warrant an appropriation for 1974.

Senator **Magnuson**. They are out.

Mr. **Muirhead**. And we have pointed out, however, that there are other ways by which States, if they deem this to be a high priority, can get support. And we have pointed out in the college library programs——

Senator **Magnuson**. Of course, States can do anything they wish if they have the money.

Mr. **Muirhead**. And the college library program can continue to get support through the overriding priority that we have in the budget for student assistance.

Senator **Magnuson**. Well, the BOG program might go through with the $949 million you have got in the 1974 budget, but I do not know what is going to happen to it, although I do not throw it out the window out of hand. I think it might be a good idea. If that goes through, it should allow the higher education people some of the other things that they have had to do without. I do not know just how they will deal with this.

But I am talking about these other schools, the community colleges and the junior colleges and the elementary schools, that need some of these things and need the seed money.

FISCAL YEAR 1973 LEVEL

When I went to school, part of the tuition was a library fee that everybody paid whether they used the library or not. And they do not have that any more. The school can go to the State legislature to get a direct appropriation, particularly for construction. But maybe under the BOG program there will be a little relief for higher education.

Well, anyway, if we take your recommendations, the Federal Government is abdicating all library support. Is that a fair statement?

Mr. **Muirhead**. The Federal Government is saying that libraries should be supported in some other ways.

Senator **Magnuson**. Abdicating support for these particular purposes.

Mr. **Muirhead**. At this particular time, Federal dollars might be better used.

Senator **Magnuson**. Well, I am not saying what you are thinking. You are doing that.

Mr. **Muirhead**. We are doing it.

Senator **Magnuson**. You are hoping that somebody else will pick it up, but you are through with it.

Mr. **Muirhead**. It is quite fair for us to say what we are doing and develop the rationale for what we are doing.

Senator **Magnuson**. I think it is fair to rationalize why you have come to this conclusion.

Mr. **Muirhead**. We have not come to this conclusion, because we do not think that.

Senator **Magnuson**. In the meantime, in 1973, you are not spending what Congress appropriated.

Even under your interpretation of the continuing resolution, it is $184 million, and your spending level is $122 million. Is that correct?

And for 1974, you are abdicating library support.

Mr. **Muirhead.** For 1974, we are not requesting funds for——

Dr. **Ottina.** Mr. Chairman, the spending level is $137 million.

Mr. **Miller.** Well, we will have to straighten that out in the record.

Senator **Magnuson.** Charlie, you straighten that around. Get those figures for us.

Mr. **Miller.** Well, the $122 million, Mr. Chairman, is for all but the college library program. The college library program is $15 million.

Senator **Magnuson.** All right.

QUESTIONS AND ANSWERS AND JUSTIFICATIONS

If there are any questions that some other Senators or the staff want, we will just send them down to you and give you time to answer them.

Mr. **Muirhead.** Thank you, Mr. Chairman.

Senator **Magnuson.** We will have your justification material put in the record.

[The questions and answers and justifications follow:]

1. Question: Do you believe that you gave the States sufficient warning of your plan to terminate these programs, by making this announcement on January 29, 1972?

   Answer: Since FY 1970, the President's budget request for library expenditure has reflected the Administration's belief that although libraries contribute significantly to American Education their funding priority must rank lower than that accorded other educational programs. Even though total termination may not have been anticipated by the States for FY 1974, there had been notice that the stance of the Administration would not radically change toward the priority ranking of library programs.

2. Question: What do you consider adequate lead time for the States to pick up these programs: (That is, how much time do you think the States need in order to plan and implement take-over of these library programs?)

   Answer: The ability of the States to assume the funding previously absorbed by the Federal government would differentiate from State to State. All but 13 of the States now have enabling legislation authorizing them to fund local public libraries. These grant-in-aid programs or other subsidies range widely in amounts from a high of over $15,000,000 to a low of under $10,000. Some States, which have no enabling legislation, such as Washington and Louisiana, have indicated that their programs would be continued in part by State funds.

3. Question: In how many States was the State budget for FY 1974 already completed and formally presented by the Governor prior to January 29, when the President sent his FY 1974 budget recommendations to Congress?

   Answer: Forty-seven State legislative bodies (including Puerto Rico) met in January 1973 and received from their Governors, budget recommendations for FY 1974 or for biennium of FY 1974 and FY 1975. These budget recommendations had been developed prior to January 1973.

   Three States had legislative meetings in May or June 1973.

   One State legislature (Kentucky) did not convene in FY 1973.

4. Question: Would you supply for the record a State by State breakdown of how much general revenue sharing money local governments have committed to library services?

State	Dollars (In thousands)	State	Dollars (In thousands)
TOTAL	$12,475		
Alabama	573	Nebraska	66
Arkansas	157	Nevada	41
California	1,575	New York	47
Connecticut	86	North Carolina	20
Delaware	5	Ohio	163
District of Columbia	50	Oklahoma	267
Florida	50	Oregon	850
Idaho	129	Pennsylvania	272
Illinois	1,095	Rhode Island	29
Kansas	73	South Carolina	49
Kentucky	200	Tennessee	305
Louisiana	576	Texas	1,371
Michigan	1,064	Utah	440
Minnesota	655	Virginia	667
Mississippi	806	Washington	389
Missouri	82	West Virginia	135
Montana	107	Wyoming	81

PRELIMINARY DATA AS OF MAY 8, 1973

5. Question: I understand some legal problems have arisen in some States on the eligibility of public libraries for general revenue sharing? Do you know what the problem is?

Answer: Although the majority of public libraries are financed in part by municipal or county governments, both are eligible units of government under general revenue sharing. There are, however, about 400 special library districts in ten States. The North Central area has most of these districts with over half in Indiana and most of the others in Missouri, Illinois, and Ohio. These districts which expend about 6 percent of the total State and Local expenditures for libraries are not eligible as units of government for revenue sharing. Puerto Rico and the Territories are not eligible for general revenue sharing.

College Libraries

1. Question: I take it that Federal student aid dollars are indirectly going to support college libraries.

How are junior colleges and community colleges going to fare under this system? They don't get much in tuition payments -- so where will they get support for their libraries?

Answer: Among the Federal institutional aid programs, the Strengthening Developing Institutions Program (HEA III), specifically designates 24% of allocated funds for junior colleges and community colleges. This set-aside ensures a continued degree of Federal institutional focus in support of the country's two-year colleges from which the support of libraries can be made.

2. Question: If you cut out library programs, what incentive is there going to be to develop librarianship and information science programs?

Answer: The incentive for the development of library career training programs will continue to come from library and information science educators and practitioners, a good many of whom were trained for leadership with the funds in the Federal library fellowship and institute programs. The withdrawal of these categorical funds amounts to only 3 to 4% of the total expenditures for library and information science career training programs. During the apparent downward trend in employment opportunities, there will be an excellent opportunity to develop focused training programs serving priority needs, tieing together State resources, local resources, and private foundation resources with available Federal funds in the form of general student aid.

Public Libraries

1. Question: The budget justification material states that public library services are currently provided to 17 million people.

Doesn't that mean that there's still a lot left to do to bring facilities and services within everyone's reach?

Answer: The budget justification materials indicate that these programs have assisted in providing library services to about 87 million people, 17 million of which had access to these services for the first time. Today about 88% of the population in the country have access to library services.

2. Question: You claim that the most promising projects will be picked up by the States and localities. Often the most promising projects are those that serve the handicapped, the elderly, prisoners, and hospitalized persons.

Who's going to speak for them when the States are distributing funds?

Answer: Federal programs authorized under the Library Services and Construction Act are administered by State Library Extension Agencies. In many States, projects designed to serve these special clientele are administered by the State Agencies.

It is anticipated that these State Agencies will continue to provide leadership in developing and implementing library projects for the handicapped, the elderly, prisoners, and hospitalized persons.

3. Question: Are there any applications for library construction projects still pending in the Office of Education? About how many? And what is the dollar total?

We've heard from several public library officials that have libraries in the planning stage. They say that without direct Federal support, the libraries won't get built.

Why would they be saving this if -- as you say -- the States will pick up the funding and build the library?

Answer: Funds under Title II of the Library Services and Construction Act are allotted to the States on a formula bases. The localities submit applications to the various State Library Extension Agencies. State

Agencies forward applications to U.S. Office of Education up to the amount of the State allotment. Therefore no applications will be pending in U.S. Office of Education. State Agencies have indicated that about 157 applications requiring about 32 million in Federal funds will be pending at the State level on June 30, 1973.

4. Question: Do you have any statistics on how many elementary schools have inadequate or no library?

Answer: There are approximately 70,880 elementary public schools in the country, 13,467 or 19% are without media centers. Information is not available on the number of individual elementary schools with inadequate media centers.

Justification

Appropriation Estimate

[LIBRARY RESOURCES]

[For carrying out, to the extent not otherwise provided, titles I ($62,000,000), II, and III ($7,500,000) of the Library Services and Construction Act (20 U.S.C. ch. 16); title II ($100,000,000) of the Elementary and Secondary Education Act; title III-A ($50,000,000) of the National Defense Education Act of 1958; and title VI-A ($12,500,000) of the Higher Education Act; $247,000,000, of which $15,000,000, to remain available through June 30, 1974, shall be for grants for public library construction under title II of the Library Services and Construction Act.]

[For an additional amount for "Library resources," including carrying out to the extent not otherwise provided for, title II (except section 231) of the Higher Education Act of 1965, as amended, $17,857,000.] *(Supplemental Appropriation Act, 1973)*

Explanation of Language Changes

The deletion of the entire language reflects the proposed elimination of Federal support for libraries.

Library Resources

Amounts Available for Obligation

	1973	1974
Appropriation......................................	$137,730,000	$ ---
Unobligated balance, start of year.................	3,343,714	604,751
Unobligated balance, end of year...................	-604,751	-604,751
Total, obligations.......................	140,468,963	---

Obligations by Activity

Page Ref.		1973 Estimate	1974 Estimate	Increase or Decrease
	Public libraries:			
	(a) Services:			
152	(1) Grants for library services.	$ 30,000,000	---	$-30,000,000
154	(2) Interlibrary cooperation....	2,730,000	---	-2,730,000
	Subtotal..................	32,730,000	---	-32,730,000
155	(b) Construction...................	2,738,963	---	-2,738,963
156	School library resources...........	90,000,000	---	-90,000,000
157	College libraries..................	15,000,000	---	-15,000,000
	Total obligations.........................	140,468,963	---	-140,468,963

Obligations by Object

	1973 Estimate	1974 Estimate	Increase or Decrease
Full-time equivalent of all other positions............................	1	---	-1
Average number of all employees..........	1	---	-1
Personnel compensation:			
Positions other than permanent.........	$ 6,000	---	$ -6,000
Personnel benefits......................	1,000	---	-1,000
Travel and transportation of persons.....	7,000	---	-7,000
Grants, subsidies and contributions......	140,454,963	---	-140,454,963
Total obligations by object.........	140,468,963	---	-140,468,963

Summary of Changes

1973 estimated obligations	$140,468,963
1974 estimated obligations	---
Net change	-140,468,963

	Base	Change from Base
Decreases:		
1. Public libraries:		
(a) Services:		
(1) Grants for library services	$ 30,000,000	$-30,000,000
(2) Interlibrary cooperation	2,730,000	-2,730,000
(b) Construction	2,738,963	-2,738,963
2. School library resources	90,000,000	-90,000,000
3. College libraries	15,000,000	-15,000,000
4. Undergraduate instructional equipment	---	---
Total	140,468,963	-140,468,963

Explanation of Changes

Decreases:

1. Public libraries:

(a) Services:

(1) Grants for library services.--This program is being terminated in 1974. Federal support has accomplished the role of catalyst on State and local funding for public libraries.

(2) Interlibrary cooperation.--This program is being terminated in 1974. Federal support has accomplished the role of catalyst on State and local funding for public libraries.

(b) Construction.--This program is being terminated in 1974. Federal support has accomplished the role of catalyst on State and local funding for public libraries.

2. School library resources.--This program is being terminated in 1974. The individual grants within States are so minimal that the resources are dissipated with no significant program impact.

3. College libraries.--This program is being terminated in 1974. Basically, this program is counter to the Administration's policy of putting higher education dollars on students rather than institutions.

4. Undergraduate instructional equipment.--This program is being terminated in 1973. Equipment programs are considered low priority, further reflecting the shift in higher education priorities away from categorical institutional assistance and toward student assistance.

Authorizing Legislation

Legislation	1974 Authorized	1974 Appropriation requested
Library Services and Construction Act:		
Title I - Public Library Services Section 4(a)(1)	$123,500,000	---
Title II - Public Library Construction, Section 4(a)(2)	88,000,000	---
Title III - Interlibrary Cooperation, Section 4(a)(3)	16,500,000	---
Elementary and Secondary Education Act:		
Title II - School Library Resources, Section 201	220,000,000	---
Higher Education Act:		
Title II - College Library Assistance,		
Section 201--College Library Resources	59,500,000	---
Section 221--Library Training and Research	25,500,000	---
Title VI - Undergraduate Instructional Equipment, Section 601	70,000,000	---

AUTHORIZING LEGISLATION

The Library Services and Construction Act

(P.L. 91-600, 91st Congress)

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 4. (a) For the purpose of carrying out the provisions of this Act the following sums are authorized to be appropriated:

TITLE I—PUBLIC LIBRARY SERVICES

AUTHORIZATION OF APPROPRIATIONS

"(1) For the purpose of making grants to States for library services as provided in title I, there are authorized to be appropriated $112,000,000 for the fiscal year ending June 30, 1972, $117,600,000 for the fiscal year ending June 30, 1973, $123,500,000 for the fiscal year ending June 30, 1974, $129,675,000 for the fiscal year ending June 30, 1975, and $137,150,000 for the fiscal year ending June 30, 1976.

TITLE II—PUBLIC LIBRARY CONSTRUCTION

AUTHORIZATION OF APPROPRIATIONS

"(2) For the purpose of making grants to States for public library construction, as provided in title II, there are authorized to be appropriated $80,000,000 for the fiscal year ending June 30, 1972, $84,000,000 for the fiscal year ending June 30, 1973, $88,000,000 for the fiscal year ending June 30, 1974, $92,500,000 for the fiscal year ending June 30, 1975, and $97,000,000 for the fiscal year ending June 30, 1976.

TITLE III—INTERLIBRARY COOPERATION

AUTHORIZATION OF APPROPRIATIONS

"(3) For the purpose of making grants to States to enable them to carry out interlibrary cooperation programs authorized by title III, there are hereby authorized to be appropriated $15,000,000 for the fiscal year ending June 30, 1972, $15,750,000 for the fiscal year ending June 30, 1973, $16,500,000 for the fiscal year ending June 30, 1974, $17,300,000 for the fiscal year ending June 30, 1975, and $18,200,000 for the fiscal year ending June 30, 1976.

"(b) Notwithstanding any other provision of law, unless enacted in express limitation of the provisions of this subsection, any sums appropriated pursuant to subsection (a) shall (1), in the case of sums appropriated pursuant to paragraphs (1) and (3) thereof, be available for obligation and expenditure for the period of time specified in the Act making such appropriation, and (2), in the case of sums appropriated pursuant to paragraph (2) thereof, subject to regulations of the Commissioner promulgated in carrying out the provisions of section 5(b), be available for obligation and expenditure for the year specified in the Appropriation Act and for the next succeeding year.

Higher Education Act of 1965

(P.L. 89-329)

TITLE II—COLLEGE LIBRARY ASSISTANCE AND LIBRARY TRAINING AND RESEARCH

COLLEGE LIBRARY PROGRAMS; TRAINING; RESEARCH

SEC. 201. (a) The Commissioner shall carry out a program of financial assistance—

(1) to assist and encourage institutions of higher education in the acquisition of library resources, including law library resources, in accordance with part A; and

(2) to assist with and encourage research and training persons in librarianship, including law librarianship, in accordance with part B.

(b) For the purpose of making grants under parts A and B, there are authorized to be appropriated $75,000,000 for the fiscal year ending June 30, 1973, $85,000,000 for the fiscal year ending June 30, 1974, and $100,000,000 for the fiscal year ending June 30, 1975. Of the sums appropriated pursuant to the preceding sentence for any fiscal year, 70 per centum shall be used for the purposes of part A and 30 per centum shall be used for the purposes of part B, except that the amount available for the purposes of part B for any fiscal year shall not be less than the amount appropriated for such purposes for the fiscal year ending June 30, 1972.

(c) For the purposes of this title—

(1) the term "library resources" means books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials, including necessary binding; and

(2) the term "librarianship" means the principles and practices of the library and information sciences, including the acquisition, organization, storage, retrieval and dissemination of information, and reference and research use of library and information resources.

PART A—COLLEGE LIBRARY RESOURCES

BASIC GRANTS

SEC. 202. From the amount available for grants under this part pursuant to section 201 for any fiscal year, the Commissioner shall make basic grants for the purposes set forth in section 201(a)(1) to institutions of higher education, to combinations of such institutions, to new institutions of higher education in the fiscal year preceding the fiscal year in which students are to be enrolled (in accordance with criteria prescribed by regulation), and other public and private nonprofit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal, cooperative basis. The amount of a basic grant shall, for any fiscal year, be equal to the amount expended by the applicant for library resources during that year from funds other than funds received under this part, except that no basic grant shall exceed $5,000 for each such institution of higher education and each branch of such institution which is located in a community different from that in which its parent institution is

located, as determined in accordance with regulations of the Commissioner, and a basic grant under this subsection may be made only if the application therefor is approved by the Commissioner upon his determination that the application (whether by an individual institution or a combination of institutions)—

(1) provides satisfactory assurance that the applicant will expend during the fiscal year for which the basic grant is sought, from funds other than funds received under this part—

(A) for all library purposes (exclusive of construction), an amount not less than the average annual amount it expended for such purposes during the two fiscal years preceding the fiscal year for which assistance is sought under this part, and

(B) for library resources, an amount not less than the average amount it expended for such resources during the two fiscal years preceding the fiscal year for which assistance is sought under this part,

except that, if the Commissioner determines, in accordance with regulations, that there are special and unusual circumstances which prevent the applicant from making the assurances required by this clause (1), he may waive that requirement for one or both of such assurances;

(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section; and

(3) provides for making such reports, in such form and containing such information, as the Commissioner may require to carry out his functions under this section, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

SUPPLEMENTAL GRANTS

Sec. 203. (a) From that part of the sums appropriated pursuant to section 201 for the purposes of this part for any fiscal year which remains after making basic grants pursuant to section 202, and which is not reserved for the purposes of section 204, the Commissioner shall make supplemental grants for the purposes set forth in section 201(a)(1) to institutions of higher education (and to each branch of such institution which is located in a community different from that in which its parent institution is located, as determined in accordance with regulations of the Commissioner) and combinations of such institutions. The amount of a supplemental grant shall, for any fiscal year, be equal to the amount expended by the applicant for library resources during that year from funds other than funds received under this part, except that no basic grant shall exceed $20 for each full-time student (including the full-time equivalent of the number of part-time students) enrolled in each such institution (or branch), as determined pursuant to regulations of the Commissioner. A supplemental grant may be made only upon application therefor, in such form and containing such information as the Commissioner may require, which application shall—

(1) meet the application requirements set forth in section 202;

(2) describe the size and quality of the library resources of the applicant in relation to its present enrollment and any expected increase in its enrollment;

(3) set forth any special circumstances which are impeding or will impede the proper development of its library resources; and

(4) provide a general description of how a supplemental grant would be used to improve the size or quality of its library resources.

(b) The Commissioner shall approve applications for supplemental grants on the basis of basic criteria prescribed in regulations and developed after consultation with the Council created under section 205. Such basic criteria shall be such as will best tend to achieve the objectives of this part and they (1) may take into consideration factors such as the size and age of the library collection and student enrollment, and (2) shall give priority to institutions in need of financial assistance for library purposes.

SPECIAL PURPOSE GRANTS

SEC. 204. (a)(1) From the sums appropriated pursuant to section 201 for the purposes of this part for any fiscal year, the Commissioner is authorized to reserve not to exceed 25 per centum thereof for the purposes of this section.

(2) Sums received pursuant to paragraph (1) may be used to make special grants (A) to institutions of higher education (or to branches of such institutions which are located in a community different from that in which the parent institution is located, as determined in accordance with regulations of the Commissioner) which demonstrate a special need for additional library resources and which demonstrate that such additional library resources will make a substantial contribution to the quality of their educational resources, (B) to institutions of higher education (or to such branches) to meet special national or regional needs in the library and information sciences, (C) to combinations of institutions of higher education which need special assistance in establishing and strengthening joint-use facilities. Grants under this section may be used only for books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding), and (D) to other public and private nonprofit library institutions which provide library and information services to institutions of higher education on a formal, cooperative basis.

(b) Grants pursuant to paragraph (2) shall be made upon application providing satisfactory assurance that (1) the applicant (or applicants jointly in the case of a combination of institutions) will expend during the fiscal year for which the grant is requested (from funds other than funds received under this part) for the same purpose as such grant an amount from such other sources equal to not less than 33⅓ per centum of such grant, and (2) in addition each such applicant will expend during such fiscal year (from such other sources) for all library purposes (exclusive of construction) an amount not less than the average annual amount it expended for such purposes during the two-year period ending June 30, 1965, or during the two fiscal years preceding the fiscal year for which the grant is requested, whichever is less.

ADVISORY COUNCIL ON COLLEGE LIBRARY RESOURCES

SEC. 205. (a) The Commisioner shall establish in the Office of Education an Advisory Council on College Library Resources consisting of the Commissioner, who shall be Chairman, and eight members appointed, without regard to the civil service laws, by the Commissioner with the approval of the Secretary.

(b) The Advisory Council shall advise the Commissioner with respect to establishing criteria for the making of supplemental grants under section 203 and the making of special purpose grants under section 204. The Commissioner may appoint such special advisory and technical experts and consultants as may be useful in carrying out the functions of the Advisory Council.

ACCREDITATION REQUIREMENT FOR PURPOSES OF THIS PART

SEC. 206. For the purposes of this part, an educational institution shall be deemed to have been accredited by a nationaly recognized accrediting agency or association if the Commissioner determines that there is satisfactory assurance that upon acquisition of the library resources with respect to which assistance under this part is sought, or upon acquisition of those resources and other library resources planned to be acquired within a reasonable time, the institution will meet the accreditation standards of such agency or association.

SEC. 207. No grant may be made under this part for books, periodicals, documents, or other related materials to be used for sectarian instruction or religious worship, or primarily in connection with any part of the program of a school or department of divinity.

CONSULTATION WITH STATE AGENCY

SEC. 208. Each institution of higher education which receives a grant under this part shall periodicaly inform the State agency (if any) concerned with the educational activities of all institutions of higher education in the State in which such institution is located, of its activities under this part.

PART B—LIBRARY TRAINING AND RESEARCH

TRAINING AND RESEARCH PROGRAMS

SEC. 221. From the amount available for grants under this part pursuant to section 201 for any fiscal year, the Commissioner shall carry out a program of making grants in accordance with sections 222 and 223. Of such amount, 66⅔ per centum shall be available for the purposes of section 222 and 33⅓ per centum shall be available for the purposes of section 223.

SEC. 222. (a) The Commissioner is authorized to make grants to institutions of higher education and library organizations or agencies to assist them in training persons in librarianship. Such grants may be used by such institutions, library organizations or agencies (1) to assist in covering the cost of courses of training or study (including short term or regular session institutes) for such persons, (2) for establishing and maintaining fellowships or traineeships with stipends (including allowances for traveling, subsistence, and other expenses) for fellows and others undergoing training and their dependents, not in excess of such maximum amounts as may be prescribed by the Commissioner, and (3) for establishing, developing, or expanding programs of library and information science. Not less than 50 per centum of the grants made under this subsection shall be for the purpose of establishing and maintaining fellowships or traineeships under clause (2).

(b) The Commissioner may make a grant to an institution of higher education and library organizations or agencies only upon application by the institution and only upon his finding that such program will substantially further the objective of increasing the opportunities throughout the Nation for training in librarianship.

RESEARCH AND DEMONSTRATIONS RELATING TO LIBRARIES AND THE TRAINING OF LIBRARY PERSONNEL

SEC. 223. (a) The Commissioner is authorized to make grants to institutions of higher education and other public or private agencies, institutions, and organizations, for research and demonstration projects relating to the improvement of libraries or the improvement of training in librarianship, including the development of new techniques, systems, and equipment for processing, storing, and distributing information, and for the dissemination of information derived from such research and demonstrations, and, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to provide by contracts with them for the conduct of such activities; except that no such grant may be made to a private agency, organization, or institution other than a nonprofit one.

(b) The Commissioner is authorized to appoint a special advisory committee of not more than nine members to advise him on matters of general policy concerning research and demonstration projects relating to the improvement of libraries and the improvement of training in librarianship, or concerning special services necessary thereto or special problems involved therein.

TITLE VI—FINANCIAL ASSISTANCE FOR THE IMPROVEMENT OF UNDERGRADUATE INSTRUCTION

PART A—EQUIPMENT

STATEMENT OF PURPOSE AND AUTHORIZATION OF APPROPRIATIONS

SEC. 601. (a) The purpose of this part is to improve the quality of classroom instruction in selected subject areas in institutions of higher education.

(b) There are hereby authorized to be apropriated $35,000,000 for the fiscal year ending June 30, 1966, $50,000,000 for the fiscal year ending June 30, 1967, $60,000,000 for the fiscal year ending June 30, 1968, $13,000,000 for the fiscal year ending June 30, 1969, and $60,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make grants to institutions of higher education and combinations of institutions of higher education pursuant to this part for the acquisition of equipment and for minor remodeling described in section 603(2)(A).

(c) There are also authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1966, $10,000,000 for the fiscal year ending June 30, 1967, and for the succeeding fiscal year, $1,500,000 for the fiscal year ending June 30, 1969, and $10,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975, to enable the Commissioner to make grants to institutions of higher education and combinations of institutions of higher education pursuant to this part for the acquisition of television equipment and for minor remodeling described in secton 603(2)(B).

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1964	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000
1965	55,000,000	55,000,000	55,000,000	55,000,000
1966	213,500,000	181,000,000	181,000,000	181,000,000
1967	209,300,000	227,800,000	204,100,000	224,800,000
1968	224,300,000	223,757,000	223,757,000	208,765,000
1969	147,194,000	99,894,000	161,194,000	150,644,000
1970	39,709,000	118,565,000	149,815,000	101,753,000
1971	131,430,000	141,680,000	175,565,000	150,772,000
1972	107,250,000	147,709,000	206,709,000	176,209,000
1973	119,873,000			
1973 Supplemental	17,857,000	17,857,000	17,857,000	17,857,000
1974	---			

NOTE: All figures reflect comparability with the 1974 estimate.

Justification

Library Resources

	1973 Estimate	1974 Estimate	Increase or Decrease
1. Public libraries:			
(a) Services....................	$32,730,000	---	$-32,730,000
(b) Construction................	---	---	---
2. School library resources..........	90,000,000	---	-90,000,000
3. College libraries:			
(a) College library resources...	10,500,000	---	-10,500,000
(b) Librarian training..........	3,000,000	---	- 3,000,000
(c) Library demonstrations......	1,500,000	---	- 1,500,000
4. Undergraduate instructional equipment......................	---	---	---
Total......................	137,730,000	---	-137,730,000

General Statement

This appropriation includes the major library-related programs administered within the U.S. Office of Education, affecting public libraries, elementary and secondary school libraries, and academic libraries. It also includes the librarian training, and the library demonstration programs.

The programs contained in this appropriation are narrow categorical aid programs designed to achieve specific objectives. Federal support should now shift from this type of aid to broad educational objectives which allow State and local officials more flexibility in establishing priorities. Although no funding is requested for this appropriation in fiscal year 1974, it is anticipated that support will be continued for the most promising of these programs with Federal assistance from other sources: (1) public libraries are now eligible under general revenue sharing; (2) school library materials may be purchased under other authorities for education of the disadvantaged and handicapped and vocational education; (3) in 1974, Federal assistance to higher education will be concentrated on students who will carry the funds to the institution of their choice; and (4) exemplary library demonstration programs could be funded by the National Institute of Education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Public Libraries:			
(a) Services:			
(1) Grants for library services......	$30,000,000	---	$-30,000,000
(2) Interlibrary cooperation.........	2,730,000	---	- 2,730,000
Subtotal...................	32,730,000	---	- 32,730,000
(b) Construction.........................	---	---	---
(Obligations)......................	(2,738,963)	(---)	(-2,738,963)
Total, Public Libraries.........	32,730,000	---	-32,730,000
(Obligations).................	(35,468,963)	(---)	(-35,468,963)

Narrative

The Library Services and Construction Act, as amended, authorizes grants to States to promote the extension and improvement of public library services in areas without such services or with inadequate services, to construct public library facilities, to improve State library services for the physically handicapped and institutionalized, to improve public library services to disadvantaged persons, to strengthen State library administrative agencies, and to promote interlibrary cooperation among all types of libraries.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) Services			
(1) Grants for public library services.	$30,000,000	---	$-30,000,000

Authority and Purpose

Title I of the Library Services and Construction Act authorizes grants to States for the extension of public library services to areas without such services or with inadequate services and to improve State library services for physically handicapped and institutionalized persons. In addition, the Act accords priority to services to the disadvantaged in urban and rural areas and to strengthening State library administrative agencies and metropolitan public libraries which serve as national or regional resource centers. The authorization for fiscal year 1974 is $123,500,000.

Legislative Requirements

The Federal share ranges from 33 percent to 66 percent, except the Trust Territory which is 100 percent Federally supported; the States' matching requirements are in proportion to their per capita income.

To qualify for grants States must do the following: (a) submit a basic State plan; (b) submit an annual program which sets forth the criteria to be used in allocating the requested funds (these criteria shall ensure that States will expend an amount from Federal, State and local sources not less than the amount expended by the State during fiscal year 1971 from such sources for State institutional library services and library services to the physically handicapped); (c) submit, not later than July 1, 1972, a long-range program; and (d) establish a State Advisory Council on Libraries.

Fiscal Year 1972

In fiscal year 1972, more States began to shift public library services beyond the traditional informational delivery system to active cooperative programs designed to alleviate inequities with respect to access to knowledge and information.

The fiscal year 1972 appropriation of $46,568,500 assisted in the purchase of 7,900,000 library books and related materials and permitted States to continue support services for the physically handicapped and patients and inmates in State supported institutions. Approximately 87,000,000 people had access to public library services through this program.

Fiscal Year 1973

In fiscal year 1973, $30,000,000 is requested for this program, a reduction of $16,568,500 below the fiscal year 1972 level. Through the efforts of this program about 75,000,000 people will have access to new or improved library services, 12,000,000 below the 1972 level. About 5,100,000 books and related materials will be purchased, a reduction of 2,800,000 from fiscal year 1972, thereby providing one replacement or new book for every 14 persons in areas served by this program.

As mandated by the legislation, library services for physically handicapped and State institutionalized individuals will remain constant at previous levels of support.

Fiscal Year 1974

No Federal funds are requested in fiscal year 1974 for library services under Title I of the Library Services and Construction Act.

Since the enactment of the Public Library program in 1956, Federal appropriations have provided library services--for the first time--to more than 17 million people. Today, nearly every citizen is in a library service area.

In 1956, when this program was established, only 6 States provided grants-in-aid to localities for the support of public libraries. Today, there are 33 States which provide such funds. Furthermore, local support of libraries has more than doubled in the past 10 years. With the increasing availability of non-Federal funds, it is anticipated that States and localities will be able to continue the most promising projects and programs now supported.

	1973 Estimate	1974 Estimate	Increase or Decrease
(2) Interlibrary cooperation....	$2,730,000	---	$-2,730,000

Narrative

Authority and Purpose

Title III of the Library Services and Construction Act, as amended, authorizes grants to States for establishing and maintaining local, regional, State and/or interstate cooperative networks of libraries. The purpose of such networks or systems is to provide a systematic and effective coordination of resources of school, public, academic, and special libraries and information centers to develop a more economical operation and, in turn, provide better service to all users. The authorization for fiscal year 1974 is $16,500,000.

Legislative Requirements

The Federal contribution is 100 percent.

Fiscal Year 1972

In fiscal year 1972 funding for this program was $2,640,500, an increase of $359,500 over the fiscal year 1971 level. An estimated 16 additional cooperative projects are being supported, increasing the total to 120. Participation by all types of libraries in telecommunications or information processing systems has increased. An example is the Nevada Center for Cooperative Library Service which provides technical processing for 12 public libraries, two school districts, one academic library, one hospital library, one correctional library and the State library. It is estimated that the Center processed 35,000 to 40,000 volumes.

Continued support was provided to cooperative projects with all types of libraries to take advantage of new technology, to improve cooperative efforts, to exchange information, and to share resources.

Fiscal Year 1973

The 1973 request of $2,730,000, an increase of $89,500 over the 1972 level, will continue this program at approximately the fiscal year 1972 level, and would permit States to coordinate more effectively programs and projects within designated geographic areas.

An estimated 140 cooperative projects, an increase of 20 over the fiscal year 1972 level will be supported. An estimated 8,900 libraries of all types will participate in these cooperative projects.

Fiscal Year 1974

No funds are requested for continuation of this program in fiscal year 1974. It is anticipated that the States and localities will continue the most promising of these projects.

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Construction			
Appropriation....................	---	---	---
(Obligations)..................	($2,738,963)	(---)	($-2,738,963)

Narrative

Authority and Purpose

Title II of the Library Services and Construction Act authorizes grants to States to support the construction of public libraries. Funds may be used for the construction of new buildings, for additions to existing buildings and for renovation or alteration of existing buildings or the acquisition of an existing building to be used for public library purposes. The authorization for fiscal year 1974 is $88,000,000.

Legislative Requirements

The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally supported.

Fiscal Year 1972

In fiscal year 1972, Federal funds totaling $9,533,066 support 131 library construction projects. These funds were matched by more than $31,000,000 in State and local funds or more than three State and local dollars for every Federal dollar.

Fiscal Year 1973/1974

This program is scheduled to be terminated after fiscal year 1973. Since the inception of this program in 1965 Federal funds totaling more than $159,000,000 will have assisted State and local agencies in supporting an estimated 1,845 library construction projects, adding about 20,000,000 square feet of floor space. State and local agencies will have contributed approximately $399,000,000 in support of these projects. While a need still exists for library construction, it is anticipated that the State and local agencies with the assistance of general revenue sharing will hereafter assume responsibility for financing of these projects. With the carryover funds from fiscal year 1972 of $2,738,963, approximately 35 projects will be supported in 1973.

	1973 Estimate	1974 Estimate	Increase or Decrease
School Library Resources.................	$90,000,000	---	$-90,000,000

Narrative

Authority and Purpose

Title II of the Elementary and Secondary Education Act provides grants to the States for the purpose of providing school library resources, textbooks, and other instructional materials. It operates from an approved State plan which provides for the distribution of the benefits among the public and private school students and teachers of the State in accordance with their relative need for such materials. The authorization for fiscal year 1974 is $220,000,000.

Legislative Requirements

Funds are allotted to the 50 States and the District of Columbia on the basis of the total number of children enrolled in its public and private elementary and secondary schools in relationship to the total number of children enrolled in schools in all States. Up to 3 percent of this is reserved for the outlying areas and for schools operated for Indian children by the Department of the Interior. No matching funds are required for this program.

Fiscal Year 1972

In 1972, States revised relative need formulas so that the $90,000,000 appropriation could contribute more substantially to the education of children with reading difficulties, to the economically, culturally, and otherwise disadvantaged pupils, to career education, and to all children who attend schools with insufficient quantities and variety of instructional materials. Over 47,500,000 pupils benefitted from this program in fiscal year 1972.

Fiscal Year 1973

The fiscal year 1973 appropriation request of $90,000,000 will benefit approximately 48,400,000 students at an average amount of $1.86 per student. Approximately $8,300,000 or 9.2 percent of the funds requested will be expended for eligible items for use by teachers and students in private schools.

Fiscal Year 1974

In fiscal year 1974, Federal support will focus on the broad educational objectives reflected in the administration's special education revenue sharing proposal. Under broad authorities for education of the disadvantaged and handicapped, vocational education, and support services, State and local officials will be able to spend Federal funds on school library materials and other school needs according to their relative priorities. No Federal categorical support for school library materials under Title II of the Elementary and Secondary Education Act is requested for fiscal year 1974.

	1973 Estimate	1974 Estimate	Increase or Decrease
College Libraries			
(a) College Library Resources............	$10,500,000	---	$-10,500,000
(b) Librarian Training..................	3,000,000	---	- 3,000,000
(c) Library Demonstrations...............	1,500,000	---	- 1,500,000
Total, College Libraries........	15,000,000		- 15,000,000

Narrative

Title II of the Higher Education Act, as amended, provides for grants to institutions of higher education, and other public or private agencies, institutions, and organizations to assist and encourage institutions of higher education in the acquisition of library resources, including law library resources, in accordance with Part A, and to assist with and encourage research and the training of persons in librarianship in accordance with Part B.

Of the sums appropriated for any fiscal year, 70 per centum shall be used for Part A and 30 per centum shall be used for Part B, except that the amount available for the purposes of Part B for any fiscal year shall not be less than the amount appropriated for such purposes for the fiscal year ending June 30, 1972.

	1973 Estimate	1974 Estimate	Increase or Decrease
(a) College Library Resources	$10,500,000	---	$-10,500,000

Authority and Purpose

Title II, Part A, of the Higher Education Act, as amended, provides grants to assist and encourage institutions of higher education in the acquisition of library resources, including law library resources, such as books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding). Grants are awarded to eligible institutions of higher education, and other public and private non-profit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal cooperative basis. The authorization for fiscal year 1974 is $59,500,000.

Legislative Requirements

Three types of grants are awarded: (1) basic grants shall be equal to the amount expended by the applicant for library resources during the preceeding year, not to exceed $5,000; (2) supplemental grants up to $20 per student; (3) special purpose grants which must be matched with $1 institution money for every $3 Federal money.

Fiscal Year 1972

In fiscal year 1972, this program provided support through 504 basic and 494 supplemental grants to those institutions of higher education in direst need. In addition, 58 special purpose grants provided support to institutions with programs providing for the sharing of resources with needy institutions.

Fiscal Year 1973

In fiscal year 1973, Federal funds totaling $10,500,000 will support 2,500 basic grants at an average of $4,200 per grant. This represents an increase of 1,996 basic grants over the previous fiscal year. Basic grant requirements must be satisfied before supplemental grants are awarded. The Commissioner is authorized to reserve up to 25 percent of funds available under Part A for special purpose grants, and any reserved funds not utilized for special purpose grants must be utilized for supplemental grants. It is not anticipated that any funds will be available for supplemental or special purpose grants.

Fiscal Year 1974

In fiscal year 1974, Federal support of higher education is shifting from categorical institutional assistance toward student assistance. Federal assistance to higher education will be concentrated on students who will carry the funds to the institutions of their choice. No funds for college library resources are requested under Title II-A of the Higher Education Act.

Program Statistical Data:

	1972 Actual	1973 Estimate	1974 Estimate
Grant Awards by Type:			
Basic Grants............................	504	2,500	---
Average Grant..........................	$ 5,980	$4,200	---
Supplemental Grants......................	494	---	---
Average Grant..........................	$13,832	---	---
Special Purpose Grant....................	58	---	---
Average Grant..........................	$28,488	---	---

	1973 Estimate	1974 Estimate	Increase or Decrease
(b) Librarian training..........	$3,000,000	---	$-3,000,000

Narrative

Authority and Purpose

Title II, Part B, of the Higher Education Act of 1965 authorizes grants to institutions of higher education and library organizations or agencies to support the training of paraprofessionals and professionals in library and information science for services to all types of libraries. Such grants may be made for fellowships, traineeships, and short- and long-term training institutes for library personnel.

Legislative Requirements

The Education Amendments of 1972 effective July 1, 1972 require that not less than 50 percent of the funds for library training be used to support fellowships and traineeships. In addition the amendments now require a statutory distribution of funds between the College Library Resources, Training and Research Programs. Of the amount appropriated for Library Research and Training under Title II-B, 66-2/3 percent must be used for Library Training.

Fiscal Year 1972

In fiscal year 1972, emphasis shifted from the fellowship program to the institute program. Only those 40 candidates continuing at the doctoral level received fellowship awards. Through 24 institutes, exemplary innovative programs designed to serve the disadvantaged or provide training in high priority areas involving 1,200 participants were funded.

Fiscal Year 1973

In fiscal year 1973, $3,000,000 will support about 195 fellowships or traineeships and the training or retraining of about 925 paraprofessionals and professional librarians in about 28 long- and short-term institutes.

Fiscal Year 1974

No funds are requested for this program in fiscal year 1974. Since its inception in 1966, this program has accomplished much in helping to alleviate the manpower shortage in the field of library and information services. More than 2,000 individuals will have received their degrees at the Master and Doctoral levels and more than 11,000 professional and paraprofessional librarians will have been trained or had their skills upgraded that they might provide more meaningful library services to the community.

In fiscal year 1974, Federal support will shift from narrow categorical training programs to broader student assistance programs.

	1973 Estimate	1974 Estimate	Increase or Decrease
(c) Library Demonstrations..........	$1,500,000	---	$-1,500,000

Narrative

Authority and Purpose

Title II-B of the Higher Education Act, as amended, authorizes the Commissioner of Education to make grants to and contracts with public and private institutions, agencies and organizations for demonstration projects relating to the improvement of libraries or the improvement of training in librarianship. Awards may be made to demonstrate new techniques, systems and equipment for manipulating information. In addition, information derived from such projects may be distributed and disseminated.

Legislative Requirements

Of the amount appropriated for library research and training under Title II-B, 33-1/3 percent must be used for library demonstration activities.

Fiscal Year 1972

In fiscal year 1972 priority was accorded those demonstration projects that were directed toward the provision of quality educational opportunities for economically disadvantaged people, or those for whom the traditional school and college-based educational experience have not proved feasible; and demonstrations that offer new methods and alternatives for the provision of improved informational services.

Fiscal Year 1973

In fiscal year 1973, of the 14 projects funded 12 were continuations and 2 were new initiatives.

Fiscal Year 1974

No funds are requested for these activities under title II-B of the Higher Education Act. High priority library research and demonstration projects can be supported by the National Institute of Education.

	1973 Estimate	1974 Estimate	Increase or Decrease
Undergraduate Instructional Equipment....	---	---	---

Narrative

Authority and Purpose

Title VI-A of the Higher Education Act authorizes funds through matching grants to institutions of higher education to improve undergraduate instruction through acquisition of instructional equipment (including closed-circuit television) and materials and through minor remodeling. Funds are distributed among the States on a formula based on higher education enrollment and per capita income.

Legislative Requirements

A State plan is required. Grants may not exceed 50 percent of the cost of the project except that in extreme financial hardship cases such grants may be increased not to exceed 80 percent.

Fiscal Year 1972

In fiscal year 1972, State Commissions continued to accord priority to assisting community and junior colleges, post-secondary vocational schools and other needy institutions of higher education through project grants for the acquisition of instructional equipment (including closed-circuit television equipment). Of the 1,107 instructional equipment grants awarded in fiscal year 1972, about 600 grants totaling at least half of the Federal funds available went to these institutions. $12,500,000 was available for obligation in fiscal year 1972.

Fiscal Year 1973/1974

No funds were requested for this program in fiscal year 1973 nor are any being requested in fiscal year 1974.

Program Purpose and Accomplishments

Activity: Public Libraries (Library Services and Construction Act, Title I)

(a) Services:
    (1) Grants for public libraries

	1974	
1973	Authorization	Budget Estimate
$ 30,000,000	$ 123,500,000	$ ---

Purpose: The Library Services and Construction Act authorizes grants to States to promote the extension and improvement of public library services in areas without such services or with inadequate services; to improve State library services for the physically handicapped and institutionalized; to improve public library services for disadvantaged persons; and to strengthen State library administrative agencies.

Explanation: Grants are made to States on a formula basis. The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally funded, and States must match in proportion to their per capita income.

Accomplishments in 1973: In fiscal year 1973 the funding level was $30,000,000, a reduction of $16,568,500 below the 1972 level. These funds provided an additional 5,100,000 books and related materials, 2,800,000 less than fiscal year 1972. It maintained support of library services to the State institutionalized and the physically handicapped at approximately the 1972 level. Emphasis was on support of programs to serve the disadvantaged, and State-wide projects designed to alleviate inequities with respect to access to knowledge and information.

Objectives for 1974: This program is being terminated in 1974. It is anticipated that State and local officials will continue the most promising programs formerly funded under this activity.

Program Purpose and Accomplishments

Activity: Public Libraries (Library Services and Construction Act, Title III)

(a) Services:
(a) Interlibrary cooperation

	1974	
1973	Authorization	Budget Estimate
$ 2,730,000	$ 16,500,000	$ ---

Purpose: Title III of the Library Services and Construction Act, as amended, authorizes grants to States for establishing and maintaining local, regional, State and/or interstate cooperative networks of libraries.

Explanation: Grants are made to States on a formula basis. The Federal share is 100 percent.

Accomplishments in 1973: In fiscal year 1973, funding was for $2,730,000, an increase of $89,500 over 1972. These funds continued the program at approximately the same level as fiscal year 1972. Emphasis continued on implementation of these systems to meet growing informational needs.

Objectives for 1974: This program is being terminated in 1973. It is anticipated that State and local officials will continue support for the most promising programs formerly funded under the Library Services and Construction Act.

Program Purpose and Accomplishments

Activity: Public Libraries (Library Services and Construction Act, Title II)

(b) Construction

	1974	
1973	Authorization	Budget Estimate
$ 2,738,963	$ 88,000,000	$ ---

Purpose: Title II of the Library Services and Construction Act, as amended authorizes grants to States to support the construction of public libraries.

Explanation: Grants are made to States on a formula basis. The Federal share ranges from 33 percent to 66 percent, except for the Trust Territory which is 100 percent Federally funded and States must match in proportion to their per capita income.

Accomplishments in 1973: While no funds are requested for fiscal year 1973, the $2,738,963 carryover from fiscal year 1972 will be available for obligation. These funds will support about 35 library construction projects in fiscal year 1973.

Objectives for 1974: This program is being terminated in fiscal year 1974. Since the inception of this program in 1965 Federal funds totaling more than $159,000,000 will have assisted State and local agencies in supporting an estimated 1,845 library construction projects, adding about 20,000,000 square feet of floor space. State and local agencies will have contributed approximately $399,000,000 in support of these projects. While a need still exists for library construction, it is anticipated that the State and local agencies with the assistance of general revenue sharing will hereafter assume responsibility for financing of these projects.

Program Purpose and Accomplishments

Activity: School Library Resources (Elementary and Secondary Education Act, Title II)

1973	1974	
	Authorization	Budget Estimate
$ 90,000,000	$ 220,000,000	$ ---

Purpose: Grants are made to States for procurement of library resources, textbooks, and other printed and published instructional materials for use by students and teachers in public and private elementary and secondary schools.

Explanation: Grants are allocated to the States on a formula based on numbers of pupils in the State, after approval by the Office of Education of the State plan. The States in turn make books and materials available to public and private schools within the State.

Accomplishments in 1973: Provided library and instructional resources to public and private schools serving over 48,400,000 students.

Objectives for 1974: No funds are requested for this activity in 1974. Funds available under other authorities may be used for school library resources.

Program Purpose and Accomplishments

Activity: College Libraries (Higher Education Act of 1965, as amended, Title II)
(a) College Library Resources

1973	1974	
	Authorization	Budget Estimate
$ 10,500,000	$ 59,500,000	$ ---

Purpose: Title II, Part A of the Higher Education Act, as amended, authorizes grants to eligible institutions of higher education and other public and private non-profit library institutions whose primary function is to provide library and information services to institutions of higher education on a formal cooperative basis to assist and encourage them in the acquisition of library resources including law library resources, such as books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials and other related materials (including necessary binding).

Explanation: Three types of grants are awarded: (1) Basic up to $5,000 which must be matched dollar for dollar; (2) Supplemental grants up to $20 per student with no matching required; and (3) Special purpose grants which must be matched with $1 institution money for every $3 Federal money.

Accomplishments in 1973: Funding was available for basic grants only. Approximately 2,500 such grants averaging $4,200 each were awarded.

Objectives for 1974: This program will be terminated in 1974. Federal support for institutions of higher education will be concentrated on students who will carry the funds to the institutions of their choice.

Program Purpose and Accomplishments

Activity: College Libraries (Higher Education Act of 1965, as amended, Title II)
(b) Librarian Training

1973	1974 Authorization	1974 Budget Estimate
$ 3,000,000	$ 17,000,000	$ ---

Purpose: Title II, Part B, of the Higher Education Act of 1965 authorizes grants to institutions of higher education and library organizations or agencies to support the training of paraprofessionals and professionals in library and information science for services to all types of libraries. Such grants may be made for fellowships, traineeships, and short- and long-term training institutes for library personnel.

Explanation: The Education Amendments of 1972 effective July 1, 1972 require that not less than 50 percent of the funds for library training be used to support fellowships and traineeships. In addition the amendments now require a statutory distribution of funds between the College Library Resources, Training and Research Programs. Of the amount appropriated for Library Research and Training under Title II-B, 66-2/3 percent must be used for Library Training.

Accomplishments in 1973: The fiscal year 1973 appropriation of $3,000,000 will support about 195 fellowships or traineeships and the training or retraining of about 925 paraprofessional and professional librarians in long- and short-term institutes.

Objectives for 1974: This program is being terminated in fiscal year 1974. Federal support will shift in fiscal year 1974 from narrow categorical training programs to broader student assistant programs. In this manner, students will determine the selection of institution and area of study that will best meet their individual needs.

Program Purpose and Accomplishments

Activity: College Libraries (Higher Education Act of 1965, as amended, Title II)
(c) Library Demonstration

1973	1974 Authorization	1974 Budget Estimate
$ 1,500,000	$ 8,500,000	$ ---

Purpose: Title II-B of the Higher Education Act authorizes grants and contracts to institutions of higher education, and other public or private agencies, institutions, and organizations, for demonstration, the purpose of which is to improve libraries or improve training in librarianship, including the development of new techniques, systems, and equipment for processing, storing, and distributing information, and for the dissemination of information derived from such projects.

Explanation: Applications are submitted by individuals through their universities, school districts, or other eligible institutions. Applications are reviewed by Office of Education field readers and priorities of awards are based upon the nature of the proposed application. Of the amount appropriated for library research and training under Title II-B, 33-1/3 percent must be used for library demonstration activities.

Accomplishments in 1973: In fiscal year 1973, about 14 demonstration projects will be awarded. Twelve projects will be continuations from fiscal year 1972 and two small new starts. Priority was accorded to outstanding exemplary projects that emphasized the library's potential in serving the educational and informational needs of people outside the classroom.

Objectives for 1974: This program is being terminated in fiscal year 1974. Funding for the most promising of these projects can be carried on by the National Institute of Education.

Program Purpose and Accomplishments

Activity: Undergraduate Instructional Equipment (Higher Education Act, Title VI-A)

1973	1974 Authorization	1974 Budget Estimate
$ ---	$ 70,000,000	$ ---

Purpose: Grants are awarded to institutions of higher education to assist in their striving for improvement of undergraduate instruction. Funds may be used to purchase instructional equipment (including closed-circuit TV) and materials and for minor remodeling.

Explanation: Funds are allotted to the States by a formula based on higher education enrollment and per capita income. State commissions rank applications submitted by the institutions and recommend the Federal share which, except in hardship cases, may not exceed 50 percent of the total project cost.

Accomplishments in 1973: This program is being terminated in fiscal year 1973. Federal support for institutions of higher education will be concentrated on students who will carry the funds to the institution of their choice.

Grants for Public Library Services

State or Outlying Areas	1972 Actual	1973 Estimate 1/		1974 Estimate
		Federal Allotment	State and Local Matching	
TOTAL	$46,568,500	$30,000,000	$30,126,581	$ ---
Alabama	801,520	524,744	277,739	---
Alaska	252,774	228,491	340,602	---
Arizona	509,562	367,124	295,913	---
Arkansas	535,902	381,344	196,450	---
California	3,684,797	2,081,346	2,914,684	---
Colorado	585,496	408,119	384,807	---
Connecticut	729,574	485,902	823,101	---
Delaware	295,726	251,680	320,320	---
Florida	1,385,770	840,165	737,313	---
Georgia	1,001,565	632,743	440,613	---
Hawaii	334,465	272,594	298,403	---
Idaho	324,526	267,228	176,304	---
Illinois	2,141,046	1,247,917	1,754,771	---
Indiana	1,107,070	689,702	688,875	---
Iowa	693,391	466,368	435,000	---
Kansas	592,798	412,061	375,668	---
Kentucky	762,250	503,543	313,632	---
Louisiana	836,278	543,509	338,524	---
Maine	373,542	293,691	205,869	---
Maryland	885,043	569,836	694,219	---
Massachusetts	1,193,608	736,422	958,060	---
Michigan	1,750,025	1,036,816	1,215,663	---
Minnesota	864,552	558,773	536,431	---
Mississippi	587,182	409,029	210,712	---
Missouri	1,016,903	641,024	578,117	---
Montana	321,278	265,475	195,579	---
Nebraska	459,143	339,904	314,134	---
Nevada	285,358	246,082	349,759	---
New Hampshire	328,835	269,555	244,079	---
New Jersey	1,451,913	875,874	1,203,105	---
New Mexico	377,443	295,797	195,579	---
New York	3,376,997	1,915,172	2,913,805	---
North Carolina	1,087,577	679,178	431,498	---
North Dakota	307,891	258,248	171,735	---
Ohio	2,060,365	1,204,360	1,240,545	---
Oklahoma	646,971	441,307	312,935	---
Oregon	565,258	397,193	376,459	---
Pennsylvania	2,259,795	1,312,027	1,298,972	---
Rhode Island	365,868	289,548	320,926	---
South Carolina	652,431	444,255	238,794	---
South Dakota	316,361	262,820	182,940	---
Tennessee	885,352	570,003	345,664	---
Texas	2,155,499	1,255,720	986,237	---
Utah	385,001	299,877	207,615	---
Vermont	277,672	241,933	192,262	---

State or Outlying Areas	1972 Actual	1973 Estimate 1/ Federal Allotment	1973 Estimate 1/ State and Local Matching	1974 Estimate
Virginia	$ 1,011,855	$ 638,298	$ 515,948	$ ---
Washington	795,408	521,445	593,469	---
West Virginia	504,629	364,461	202,970	---
Wisconsin	971,588	616,559	599,054	---
Wyoming	258,056	231,343	193,139	---
District of Columbia	332,124	271,330	488,911	---
American Samoa	44,850	42,618	21,955	---
Guam	55,182	48,196	24,828	---
Puerto Rico	673,654	455,713	234,761	---
Trust Territory	57,743	49,579	---	---
Virgin Islands	51,038	45,959	23,676	---

1/ Estimated distribution of funds with a minimum allotment of $200,000 to the 50 States, D.C., and Puerto Rico, and $40,000 to the other outlying areas; the remainder distributed on the basis of estimated total population, April 1, 1970. Required matching expenditures computed on the basis of fiscal year 1972-73 "Federal Share" percentages.

Interlibrary Cooperation

Outlying Area	1972 Actual	1973 Estimate1/	1974 Estimate
TOTAL	$2,625,247	$2,730,000	$ ---
Alabama	48,000	50,190	---
Alaska	40,763	40,894	---
Arizona	44,475	45,244	---
Arkansas	44,855	45,690	---
California	90,372	99,034	---
Colorado	45,572	46,530	---
Connecticut	47,655	48,971	---
Delaware	41,384	41,622	---
Florida	57,140	60,087	---
Georgia	51,587	53,579	---
Hawaii	41,944	42,278	---
Idaho	41,800	42,110	---
Illinois	68,058	72,882	---
Indiana	53,112	55,366	---
Iowa	47,132	48,358	---
Kansas	45,678	46,654	---
Kentucky	48,127	49,525	---
Louisiana	49,197	50,779	---
Maine	42,509	42,940	---
Maryland	49,902	51,605	---
Massachusetts	54,363	56,832	---
Michigan	62,405	66,258	---
Minnesota	49,606	51,258	---
Mississippi	45,597	46,559	---
Missouri	37,250	53,839	---

State or Outlying Area	1972 Actual	1973 Estimate[1/]	1974 Estimate
Montana	$ 41,753	$ 42,055	$ ---
Nebraska	43,746	44,390	---
Nevada	41,234	41,446	---
New Hampshire	41,862	42,183	---
New Jersey	58,096	61,208	---
New Mexico	42,565	43,006	---
New York	85,923	93,820	---
North Carolina	52,830	55,036	---
North Dakota	41,560	41,828	---
Ohio	66,891	71,515	---
Oklahoma	46,461	47,572	---
Oregon	45,280	46,188	---
Pennsylvania	69,774	74,894	---
Rhode Island	42,398	42,810	---
South Carolina	46,540	47,664	---
South Dakota	41,682	41,971	---
Tennessee	49,907	51,610	---
Texas	68,266	73,127	---
Utah	42,674	43,134	---
Vermont	41,123	41,316	---
Virginia	51,735	53,753	---
Washington	48,607	50,086	---
West Virginia	44,403	45,161	---
Wisconsin	51,153	53,071	---
Wyoming	40,839	40,983	---
District of Columbia	41,910	42,238	---
American Samoa	10,070	10,082	---
Guam	10,219	10,257	---
Puerto Rico	46,847	48,024	---
Trust Territory	10,256	10,301	---
Virgin Islands	10,160	10,187	---

[1/] Estimated distribution of funds with a minimum allotment of $40,000 to the 50 States, D.C., and Puerto Rico, and $10,000 to the other outlying areas; the remainder distributed on the basis of estimated total population, April 1, 1970. The "Federal share" is 100 percent.

Construction of Public Libraries

State or Outlying Areas	1972 Actual	1973 Estimate Federal Allotment	 State and Local Matching	1974 Estimate
TOTAL	$9,533,066	$ ---	$ ---	$ ---
Alabama	156,000	---	---	---
Alaska	189,732	---	---	---
Arizona	18,000	---	---	---
Arkansas	139,366	---	---	---
California	698,114	---	---	---

State or Outlying Areas	1972 Actual	1973 Estimate Federal Allotment	1973 Estimate State and Local Matching	1974 Estimate
Colorado	$ 105,113	$ ---	$ ---	$ ---
Connecticut	166,828	---	---	---
Delaware	---	---	---	---
Florida	157,665	---	---	---
Georgia	193,939	---	---	---
Hawaii	89,925	---	---	---
Idaho	114,594	---	---	---
Illinois	327,480	---	---	---
Indiana	73,902	---	---	---
Iowa	51,713	---	---	---
Kansas	146,034	---	---	---
Kentucky	263,546	---	---	---
Louisiana	172,966	---	---	---
Maine	101,119	---	---	---
Maryland	179,484	---	---	---
Massachusetts	60,000	---	---	---
Michigan	467,434	---	---	---
Minnesota	203,546	---	---	---
Mississippi	145,376	---	---	---
Missouri	125,956	---	---	---
Montana	204,797	---	---	---
Nebraska	130,370	---	---	---
Nevada	194,478	---	---	---
New Hampshire	197,124	---	---	---
New Jersey	246,717	---	---	---
New Mexico	97,000	---	---	---
New York	472,561	---	---	---
North Carolina	88,771	---	---	---
North Dakota	89,920	---	---	---
Ohio	318,025	---	---	---
Oklahoma	---	---	---	---
Oregon	114,253	---	---	---
Pennsylvania	585,525	---	---	---
Rhode Island	103,481	---	---	---
South Carolina	125,000	---	---	---
South Dakota	113,637	---	---	---
Tennessee	243,347	---	---	---
Texas	377,336	---	---	---
Utah	209,595	---	---	---
Vermont	86,498	---	---	---
Virginia	65,048	---	---	---
Washington	237,770	---	---	---
West Virginia	218,362	---	---	---
Wisconsin	22,500	---	---	---
Wyoming	106,804	---	---	---
District of Columbia	192,242	---	---	---
American Samoa	20,314	---	---	---
Guam	---	---	---	---
Puerto Rico	248,774	---	---	---
Trust Territory	43,188	---	---	---
Virgin Islands	41,797	---	---	---

Title II, Elementary and Secondary Education Act
School Library Resources

State or Outlying Area	1972 Actual	1973 Estimate[1]	1974 Estimate
TOTAL	$ 89,998,581	$ 90,000,000	$ ---
Alabama	1,460,724	1,418,801	---
Alaska	135,215	139,291	---
Arizona	768,689	792,454	---
Arkansas	807,949	809,699	---
California	8,564,292	8,600,381	---
Colorado	990,955	1,003,301	---
Connecticut	1,300,672	1,327,073	---
Delaware	255,228	256,300	---
Florida	2,554,308	2,622,351	---
Georgia	1,947,753	1,924,921	---
Hawaii	352,543	355,708	---
Idaho	321,960	323,922	---
Illinois	4,830,114	4,834,821	---
Indiana	2,311,952	2,310,548	---
Iowa	1,285,267	1,268,482	---
Kansas	966,108	947,185	---
Kentucky	1,348,968	1,352,354	---
Louisiana	1,681,489	1,655,142	---
Maine	460,371	460,638	---
Maryland	1,740,544	1,778,776	---
Massachusetts	2,364,332	2,388,192	---
Michigan	4,252,744	4,146,542	---
Minnesota	1,814,858	1,790,212	---
Mississippi	1,017,833	946,480	---
Missouri	2,115,431	2,049,233	---
Montana	328,651	325,253	---
Nebraska	658,196	638,354	---
Nevada	218,942	226,416	---
New Hampshire	316,168	326,695	---
New Jersey	2,993,829	3,057,083	---
New Mexico	510,703	511,032	---
New York	7,408,582	7,343,552	---
North Carolina	2,063,424	2,069,406	---
North Dakota	282,965	275,377	---
Ohio	4,737,404	4,754,550	---
Oklahoma	1,076,331	1,091,264	---
Oregon	874,006	875,475	---
Pennsylvania	4,896,472	4,975,170	---
Rhode Island	386,997	396,958	---
South Carolina	1,134,518	1,125,332	---
South Dakota	313,952	305,768	---
Tennessee	1,580,795	1,594,892	---
Texas	4,960,462	5,037,176	---
Utah	527,142	526,457	---
Vermont	197,886	202,468	---

State or Outlying Area	1972 Actual	1973 Estimate1/	1974 Estimate
Virginia	$ 1,940,673	$ 1,939,360	$ ---
Washington	1,495,705	1,485,090	---
West Virginia	709,655	705,179	---
Wisconsin	2,094,174	2,074,956	---
Wyoming	154,056	153,539	---
District of Columbia	291,472	285,269	---
American Samoa	30,000	30,000	---
Guam	67,596	73,459	---
Puerto Rico	1,847,850	1,847,346	---
Trust Territory	83,812	86,754	---
Virgin Islands	38,850	30,000	---
Bureau of Indian Affairs	133,014	127,563	---

[1/] Estimated distribution of funds to the 50 States and D.C. on the basis of total estimated public and nonpublic elementary and secondary school enrollment, Fall 1970. 2.5 percent of the 50 States and D.C. amount distributed to the outlying areas on the basis of total estimated public and nonpublic elementary and secondary school enrollment, Fall 1970, except American Samoa, public school, Fall 1969; B.I.A., fiscal year 1970; Trust Territory, nonpublic school enrollment, fiscal year 1969.

Title VI-A, Higher Education Act
Undergraduate Instructional Equipment
Television Equipment

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 1,492,823	$ ---	$ ---
Alabama	24,473	---	---
Alaska	938	---	---
Arizona	17,738	---	---
Arkansas	13,681	---	---
California	170,022	---	---
Colorado	21,653	---	---
Connecticut	17,812	---	---
Delaware	3,362	---	---
Florida	41,477	---	---
Georgia	26,355	---	---
Hawaii	5,252	---	---
Idaho	4,973	---	---
Illinois	69,748	---	---
Indiana	37,714	---	---
Iowa	24,647	---	---
Kansas	20,849	---	---
Kentucky	22,870	---	---
Louisiana	27,420	---	---
Maine	6,411	---	---
Maryland	22,883	---	---

State or Outlying Areas	1972 Actual	1973 Estimate	1974 Estimate
Massachusetts	$ 51,179	$ ---	$ ---
Michigan	64,733	---	---
Minnesota	32,161	---	---
Mississippi	18,487	---	---
Missouri	35,115	---	---
Montana	4,912	---	---
Nebraska	13,704	---	---
Nevada	2,013	---	---
New Hampshire	6,178	---	---
New Jersey	27,250	---	---
New Mexico	8,909	---	---
New York	118,068	---	---
North Carolina	36,889	---	---
North Dakota	7,072	---	---
Ohio	69,286	---	---
Oklahoma	24,567	---	---
Oregon	20,340	---	---
Pennsylvania	74,956	---	---
Rhode Island	8,027	---	---
South Carolina	14,637	---	---
South Dakota	7,056	---	---
Tennessee	29,826	---	---
Texas	83,555	---	---
Utah	16,328	---	---
Vermont	4,494	---	---
Virginia	24,268	---	---
Washington	29,509	---	---
West Virginia	15,107	---	---
Wisconsin	36,985	---	---
Wyoming	3,060	---	---
District of Columbia	10,653	---	---
American Samoa	---	---	---
Guam	370	---	---
Puerto Rico	12,851	---	---
Trust Territory	---	---	---
Virgin Islands	---	---	---

Title VI-A, Higher Education Act
Undergraduate Instructional Equipment
Other Equipment

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
TOTAL	$ 10,987,052	$ ---	$ ---
Alabama	179,471	---	---
Alaska	6,877	---	---
Arizona	130,075	---	---
Arkansas	100,323	---	---
California	1,246,837	---	---
Colorado	158,791	---	---
Connecticut	124,224	---	---
Delaware	24,655	---	---
Florida	309,982	---	---
Georgia	193,272	---	---
Hawaii	40,264	---	---
Idaho	49,074	---	---
Illinois	511,490	---	---
Indiana	276,570	---	---
Iowa	180,746	---	---
Kansas	152,894	---	---
Kentucky	167,711	---	---
Louisiana	201,074	---	---
Maine	47,013	---	---
Maryland	167,805	---	---
Massachusetts	375,309	---	---
Michigan	474,708	---	---
Minnesota	235,845	---	---
Mississippi	135,565	---	---
Missouri	257,509	---	---
Montana	46,568	---	---
Nebraska	100,500	---	---
Nevada	14,766	---	---
New Hampshire	45,306	---	---
New Jersey	199,830	---	---
New Mexico	65,337	---	---
New York	865,836	---	---
North Carolina	270,513	---	---
North Dakota	51,858	---	---
Ohio	501,546	---	---
Oklahoma	180,154	---	---
Oregon	149,160	---	---
Pennsylvania	549,682	---	---
Rhode Island	58,871	---	---
South Carolina	107,333	---	---

State or Outlying Area	1972 Actual	1973 Estimate	1974 Estimate
South Dakota	$ 51,745	$ ---	$ ---
Tennessee	218,724	---	---
Texas	612,739	---	---
Utah	119,735	---	---
Vermont	32,962	---	---
Virginia	198,610	---	---
Washington	216,400	---	---
West Virginia	110,788	---	---
Wisconsin	271,219	---	---
Wyoming	22,439	---	---
District of Columbia	78,126	---	---
American Samoa	---	---	---
Guam	2,708	---	---
Puerto Rico	94,241	---	---
Trust Territory	---	---	---
Virgin Island	1,272	---	---

SUBCOMMITTEE RECESS

Senator MAGNUSON. We will recess this hearing subject to the call of the Chair. As far as I know, this completes the hearings on the Government witnesses on Education, except for the National Institute of Education, but that is a separate entity. We will hear that later.

Than this week or next week, for the record, we will go on with the health budget.

[Whereupon, at 10:30 a.m., Wednesday, May 30, the subcommittee was recessed, to reconvene at the call of the Chair.]

CHRONOLOGICAL LIST OF HEARINGS

Tuesday, May 8, 1973:

Department of Health, Education, and Welfare:

Page
Assistant Secretary, Comptroller, testimony of 1

Wednesday, May 9, 1973:

Department of Health, Education, and Welfare:

Secretary, testimony of 61

Thursday, May 10, 1973:

Department of Health, Education, and Welfare:

Secretary, testimony of (continued) 89

Monday, May 14, 1973:

Department of Health, Education, and Welfare:

Secretary, testimony of (continued) 111
Assistant Secretary for Education, testimony of 201

Wednesday, May 16, 1973:

Office of Education:

Commissioner, testimony of 223
Elementary and secondary education 257

Thursday, May 17, 1973:

Office of Education:

Impacted area aid 305
Emergency school assistance 345
Education for the Handicapped 395
Occupational, Vocational, and Adult Education 461

Monday, May 21, 1973:

Office of Education:

Higher education 521

Tuesday, May 22, 1973:

Office of Education:

Student loan insurance fund 627
Higher education facilities loan fund 665
Educational development 693
Educational activities overseas 787

Wednesday, May 23, 1973:

American Printing House for the Blind 841
National Technical Institute for the Deaf 859
Model Secondary School for the Deaf 897
Gallaudet College 921
Howard University 951

Wednesday, May 30, 1973:

Office of Education:

Library resources 999

10418

LIST OF WITNESSES

	Page
Alexis, Dr. Carlton P	957
Bogan, Walter	714
Cordova, Dr. Rudy	703
Cardwell, James B	1–59, 71, 79, 80, 81, 87, 92, 93, 95, 96, 98, 100, 103, 104, 106, 108, 109, 112, 114, 117, 119, 120, 124–127, 132, 137, 144, 152, 155, 158, 159, 160, 161, 164, 165, 168, 171, 172, 182
Cheek, Dr. James E	951
Cherry, Gerald M	308
Davis, Finis E	841
Evans, Dr. John W	807
Frisina, Dr. Robert	859
Gilford, Dorothy M	710
Goldberg, Dr. Herman R	348
Grayson, Lawrence	709
Herrell, S. W	665
Hicks, Dr. Doin	897
Leestma, Dr. Robert	788
Marland, Dr. Sidney P	201–222
Martin, Dr. Edwin W	396
Mattheis, Duane J	257, 305, 345, 395
Merrill, Dr. Edward C., Jr	921
Miller, Charles	20, 24, 40, 42, 44, 45, 46, 48, 49, 50, 53, 56, 57, 58, 80, 82, 94, 95, 96, 98, 106, 108, 109, 112, 113, 117, 118, 119, 121, 122, 123, 132, 134, 138, 139, 140, 152, 160, 161, 162, 165, 167, 168, 179, 180, 207, 210, 226, 234, 241, 247, 248, 265, 308, 310, 313, 314, 406, 410, 419, 478, 521, 529, 536, 630, 666, 709, 721–723, 730–732, 865, 930, 931, 954, 955, 1001, 1006–1008, 1010
Muirhead, Peter P	521, 627, 665, 787, 999
Nowlis, Dr. Helen H	717
Ottina, Dr. John	223–256, 400, 1005
Pierce, Dr. William F	461
Schuchman, Dr. John S	926
Simmons, Mr	636
Smith, Dr. William L	257, 693
Weinberger, Hon. Caspar W	61–200
Worthington, Dr. Robert M	467

SUBJECT INDEX

Page
Adult education. (*See* Occupational, vocational, and adult education.)
Aging programs ---- 179
Aid to families with dependent children. (*See* Public assistance.)
Alcoholism. (*See* National Institute of Mental Health.)
American Printing House for the Blind ---- 841
Arctic Health Research Center ---- 90, 94, 140

Basic Opportunity grants. (*See* Higher education.)
Better Schools Act bill ---- 50, 51, 155, 203, 207, 210, 224, 240, 243, 261, 308, 400, 403, 476, 720, 1006
Bilingual education. (*See* Elementary and secondary education.)
Biomedical research. (*See* National Institutes of Health.)
Black lung benefit program. (*See* Social Security Administration.)
Budget, overview of fiscal year 1974 ---- 1–59, 64

Cancer. (*See* National Cancer Institute.)
Career education ---- 163, 463, 468, 472, 498, 506
Center for Disease Control. (*See* Preventive health.)
Chiropractice and medicare ---- 78
Christian Science and medicare ---- 78
Common care of data education program ---- 767, 770, 784
Community mental health centers. (*See* National Institute of Mental Health.)
Comprehensive health planning ---- 113
Consumer and homemaking education ---- 491, 502, 510
Controlability of the budget ---- 25, 31
Crisis care education centers ---- 407

Day care ---- 177
Deaf-blind education program ---- 396, 406
Decentralization ---- 181
Dental health of children ---- 81
Dental services under medicaid ---- 80
Dropout prevention. (*See* Educational development.)
Drug abuse. (*See* National Institute of Mental Health.)
Drug abuse education. (*See* Educational development.)

Early childhood education program ---- 398, 439
Education budget, general ---- 10, 50, 148, 201
Education for the handicapped:
  Deaf-blind centers ---- 437
  General ---- 54, 228
  Justification material ---- 422
  Testimony concerning ---- 395
Education funds, back dating of ---- 192, 410
Education revenue sharing. (*See* Better Schools Act bill.)
Educational activities overseas:
  Justification material ---- 796
  Testimony concerning ---- 787

Page

- Educational development:
  - Dropout prevention, 232, 765, 783
  - Drug abuse education, 232, 721, 728–734, 759, 780
  - Educational broadcasting facilities, 757,779
  - Environmental education, 167, 714, 764, 782
  - General, 231
  - Justification material, 736
  - Nutrition and health, 167, 233–234, 717, 764, 782
  - Right to read, 56, 163, 234, 724, 760, 781
  - Teacher corps, 56, 703, 746, 773
  - Testimony, 693
- Electric Company, 708, 758, 780
- Elementary and secondary education:
  - Bilingual education, 54, 164, 227, 258, 285, 290
  - Disadvantaged children (Title I, ESEA), 211, 241, 263, 275, 288, 292
  - Equipment and minor remodeling, 265, 288, 291, 300, 866
  - Follow through, 54, 166, 228, 260, 291
  - General, 155
  - Justification material, 268
  - Migrant education, 243, 278
  - Strengthening State departments of education, 282, 289, 296
  - Supplementary services, 261, 280, 289, 294
  - Testimony concerning, 257
- Emergency School Aid:
  - General, 160, 227, 238
  - Justification material, 352
  - Testimony concerning, 345
- Employment, 16, 59, 69, 182
- Environmental education. (*See* Educational development.)
- Equipment and minor remodeling. (See Elementary and secondary education.)

- Family planning, 118
- Follow Through. (*See* Elementary and secondary education.)
- Foreign language training. (*See* Higher education.)
- Freedman's Hospital, 981

- Gallaudet College, 921

- Head Start, 166, 247, 410
- Health agencies, reorganization of, 183
- Health budget, general, 5, 37, 72
- Health maintenance organizations, 90, 95
- Health manpower:
  - Budget, 49, 66, 34, 131
  - Dentist training, 80
  - Medical schools, capitation grants for, 87
  - Nurse training, 49, 132
- Higher education:
  - Allen J. Ellender scholarships, 581, 607
  - Basic opportunity grants, 53, 133, 150, 523, 533, 606
  - College personnel development, 54, 603, 613
  - Community colleges, 548
  - Construction, 544, 590, 595, 610, 619
  - Cooperative education, 581, 607
  - Council on Legal Educational Opportunity, 605, 614
  - Direct loans, 246, 527, 536, 584, 608, 618
  - Foreign language training, 166, 532, 590, 597, 611
  - Institutional support, 230, 590, 597
  - Insured student loans, 526, 581, 607
  - Justification material, 551
  - Land grant colleges, 590, 601, 612, 625
  - Post secondary education, 538

1051

- Higher education—Continued (Page)
  - Special services 587, 609
  - State post secondary commissions 602, 612
  - Strengthening developing institutions 54, 590, 609
  - Student assistance 54, 148, 213, 229, 523, 579
  - Supplemental educational opportunity grants 244, 615
  - Talent search 542, 587
  - Testimony concerning 521
  - University community services 590, 600, 611, 621
  - Upward bound 443, 587
  - Work study 526, 579, 606, 616
- Higher education facilities loan and insurance fund:
  - Academic space needs 674
  - Impact of program 672
  - Justification material 680
  - Testimony 665
- Hill-Burton hospital construction 42, 90, 99
- Howard University 951
- Human resources spending 18, 67
- Hutchinson Cancer Center 124

- Impacted area aid:
  - Construction 54–56, 244, 306, 314, 337, 340, 342
  - General 159, 206, 209, 228
  - Justification material 323
  - Maintenance and operations 241, 306, 333, 340–341
  - Testimony 305
- Impoundment of funds 19, 34, 47, 49
- Influenza 90
- Indian education 208, 210, 242, 266

- Kendall demonstration elementary school 922, 945
- Kidney dialysis 47, 106

- Laconia, N.H. right to read program 724
- Land grant colleges, aid to (*See* higher education.)
- Lead-based paint poisoning. (*See* preventive health.)
- Leukemia 123
- Library resources:
  - Applications pending 1002
  - Budget 50, 163, 205, 212, 231, 237, 541, 731–732, 734, 954
  - Justification material 1014
  - Library programs' achievements 1000
  - Testimony concerning 999
- Library services for the blind 248

- Media services and captioned films 399, 446
- Medicaid. (*See* Public assistance.)
- Medical costs 73
- Medical schools, aid to 83
- Medicare 57, 72, 73
- Migrant education. (*See* Elementary and secondary education.)
- Model Secondary School for the Deaf 897

- National Achievement Study 772, 785
- National Cancer Institute 48, 124
- National Health Service Corps 45
- National Institute of Education 51, 161, 204, 221
- National Institutes of Health 46, 82
- National Institute of Mental Health:
  - Alcoholism 95, 120
  - Community Mental Health Centers 38, 90, 91, 97, 121
  - Drug abuse 95, 118

Page
National Technical Institute for the Deaf 859
Neighborhood health centers 43
New math, success of 419
Nutrition and health education. (*See* Educational development.)

Occupational, Vocational, and Adult Education:
  Adult education 464, 481, 499, 506, 518
  Advisory councils 480, 493, 504, 514
  General 228
  Justification material 484
  Testimony concerning 461
  Vocational research 463, 493, 496, 497
Occupational health 46
OEO Community Action Programs 93
Office of Education 50, 228, 418
Osteopathy and medicare 78
Outlays compared to appropriations 17, 19

Paraprofessional medical training 79
Post-secondary education, Fund for the Improvement of 51
Preventive health:
  Center for Disease Control 89
  Lead-based paint poisoning 89
  Venereal diseases 89
Professional Standards Review Organization 73
Public Assistance:
  Aid to families with dependent children 56, 71
  Maintenance payments 56, 192
  Medicaid 57, 72, 73, 80
  Regulations 71
  Social services 167
Public Health Service Hospitals 44, 123, 124
Public relations activities 196

Rat infestations 89
Regional medical programs 42, 90, 104, 111
Rehabilitation programs 179
Right to read. (*See* educational development.)
Rubella 90, 402
Saint Elizabeths Hospital 41, 65, 122
Salaries and expenses, Office of Education:
  General 232
  Justification material 807
  Testimony concerning 814
School lunch program 53
Sesame Street 708, 758, 780
Social and Rehabilitation Service 56
Social services. (*See* Public assistance.)
Social Security Administration:
  Black lung benefits 70
  Budget 69
  Employment 68
  General 57
  Growth of 30
Special Action Office for Drug Abuse Prevention 96, 118
Strengthening State departments of education. (*See* Elementary and secondary education.)
Student Loan Insurance Fund:
  Bankruptcy laws 636
  Collections 628
  Justification material 646
  Loan defaults 628
  Student collectors 634
  Testimony concerning 627

Supplemental educational opportunity grants. (*See* Higher education.) Page
Supplemental Security Income 56, 57, 58, 69
Supplementary services. (*See* Elementary and secondary education.)

Teacher Corps. (*See* Educational development.)
Teachers, supply and demand 711
Title I ESEA. (*See* Elementary and secondary education.)

Unemployment 474
University Community Services. (*See* Higher education.)

Veterans, education of 467, 546
Venereal diseases. (*See* Preventive health.)

Welfare. (*See* Public assistance.)

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